



Daily Report

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General

Ambassador to UN, Haiti's Aristide Meet

Discuss Taiwan Issue

OW3010154493 Beijing XINHUA Domestic Service in Chinese 1415 GMT 30 Oct 93

[Text] United Nations, 29 Oct (XINHUA)—Ambassador Li Zhaoxing, Chinese permanent representative to the United Nations, today met by appointment at New York's United Nations Plaza Hotel with President Aristide of the Republic of Haiti. During the meeting, President Aristide expressed his heartfelt thanks to the PRC, as a permanent member of the UN Security Council, for showing sympathy to Haitian people's hardships and for supporting Haiti's peace process.

Ambassador Li Zhaoxing expounded on the Chinese Government's principled position on the Haitian issue, and President Aristide applauded this. Ambassador Li Zhaoxing also stated the Chinese Government's solemn and just position that there is only one China and that Taiwan is an inseparable part of China; President Aristide expressed his understanding of this and expressed his apology over his earlier remarks not in line with this spirit. President Aristide said the Haitian Government's position on the Taiwan issue would gradually move toward concerned UN resolutions and the purpose, principle, and spirit of the UN Charter.

On the same evening, the Haitian permanent delegation to the United Nations delivered a note to the permanent delegations of all nations to the United Nations stating that the Haitian Government has good feelings for the PRC and agrees that the Taiwan issue can only be handled according to concerned UN resolutions.

Aristide Expresses 'Appreciation'

OW3010160293 Beijing XINHUA in English 1446 GMT 30 Oct 93

[Text] United Nations, October 29 (XINHUA)—Deposed Haitian President Jean-Bertrand Aristide said here today that his country will abide by the U.N. Charter and relevant U.N. resolutions in regard to the Taiwan issue.

At a meeting with Li Zhaoxing, China's permanent representative to the U.N., Aristide apologized for his earlier remarks of solidarity with Taiwan.

In a speech to the U.N. General Assembly on Thursday [28 October], Aristide voiced his hope that Taiwan would "regain its place in the great family of the United Nations."

At the meeting, Li expounded the Chinese Government's one-China policy and its firm position that Taiwan is an inseparable part of China.

Aristide said he understood the Chinese policy.

He also expressed appreciation for China's support for the peace process in Haiti.

Later today, the Haitian permanent mission to the U.N. presented a note to all foreign permanent delegations, saying the Haitian Government harbored good feelings towards the People's Republic of China and agreed to handle the Taiwan issue in line with relevant U.N. resolutions.

President Clinton Views UN Initiative on Haiti

OW2910223893 Beijing XINHUA in English 2220 GMT 29 Oct 93

[Text] Washington, October 29 (XINHUA)—U.S. President Bill Clinton welcomed today a new round of meetings on a U.N.- and U.S.- brokered agreement to bring deposed Haitian President Jean-Bertrand Aristide back to the Caribbean country.

"I welcome and applaud the invitation of U.N. Secretary General Butrus Butrus-Ghali, announced by U.N./OAS (Organization of American States) special envoy Dante Caputo, to all parties to meet next week in Haiti to get the governors island process back on track," Clinton said in a statement.

Meanwhile, Clinton warned Haiti's military commander Raoul Cedras and police chief Michel-Joseph Francois that they should "not delude themselves into thinking they have destroyed the Governor's Island process."

Clinton was referring to an agreement reached in July by Aristide and Cedras in Governors Island under the auspices of Washington and the United Nations, which calls for the return to power by Aristide on Saturday [30 October] and the resignations of Cedras and Francois on October 15.

"The continued violence and intimidation by the Haitian military and police authorities have made it impossible for President Aristide to return to Haiti tomorrow, as scheduled under the Governors Island agreement of July 3," Clinton said.

The President stressed Washington's strong interest in the return of Aristide, citing the return of democracy to the Caribbean nation and the security of more than 1,000 American citizens in that country.

However, Washington's biggest worry over chaos in Haiti stems from the prospect of large exodus of Haitian refugees to its Florida coasts, only 965 kilometers from Haiti.

To deal with what some Haitians called "our atomic bomb," Clinton reiterated in the statement that Washington would continue to send back Haitian boat people fled to the U.S. meanwhile processing political asylum applications within Haiti.

By embracing a political track in addressing the Haitian crisis, local observers say, Clinton appears to be farther away from committing force to helping restore Aristide.

"We must maintain our commitment to work for its peaceful resolution," Clinton said of the deadlock, which started when armed Haitians blocked the landing of some 200 U.S. and Canadian military advisors under provisions of the Governors Island agreement.

The incident and ensuing violence prompted the United Nations to reimpose a naval oil and arms embargo against Haiti, an attempt to press Cedras and Francois out of power.

On top of that, Washington announced that it would freeze the assets of 41 Haitians, most of them military leaders, in the United States.

State Department spokesman Mike McCurry said today that if the military and police leaders continued to defy international demands, the United States would urge other nations to do the same with the military leaders' assets in their country.

Washington has so far not ruled out the use of force in sending Aristide back to power, but its casualties in Somalia, coupled with the history of U.S. occupation of Haiti, would force the administration to think twice before sending soldiers to the island nation.

U.S. marines invaded Haiti in 1915 and occupied the country for the next 19 years.

UN Envoy on Improving Global Economic Terms

OW0311045893 Beijing XINHUA in English 0449 GMT 3 Nov 93

[Text] United Nations, November 2 (XINHUA)—China today urged the international community, especially the developed countries, to make efforts to create a favorable international economic environment for the developing countries.

Chinese delegate Zhang Xiaolan told the U.N. Second Committee (economic and financial) that there is a huge discrepancy between the commitment contained in and actual implementation of the declaration on international economic cooperation of the 18th special session of the U.N. General Assembly and the international development strategy for the fourth U.N. development decade.

She said the developing countries have made tremendous efforts for the implementation of the declaration and strategy which was adopted three years ago.

The developing countries "have carried out readjustments and reforms in light of their respective national conditions, and have taken positive measures to reduce tariff and non-tariff barriers, expand free trade, improve the environment for investment and attract foreign capital," she said.

But the international economic terms are deteriorating day by day, protectionist practices are still on the rise, the Uruguay Round of negotiations has led to nowhere so far and the debt problem is far from being settled in the "extensive and lasting" way as was called for in the declaration, Zhang noted.

In addition, she said, the official development aid is plummeting with all kinds of harsh conditions attached.

She warned that the declaration and strategy are facing serious challenges and there is the danger that they would be abortive.

Zhang pointed out that some developed countries have turned backward in their positions. Conservatism, isolationism and national egoism are gaining ground on important issues such as making the recovery of economic growth in the developing countries, the primary target of international economic cooperation, and creating a favorable international economic environment for these countries.

She urged the developed countries to truly realize the close relationship between the revitalization and sustained development of the economy of the developing countries and their own economic interests and the profound significance of the development of the developing countries to the world economy.

She also expressed the hope that these countries "will take the positive stance called for by the 'new global partnership' in responding to the revitalization efforts of the developing countries."

Zhang asked the developed countries to help settle problems faced by the developing countries in the fields of debt, commodities, capital flow, technology, trade and sustainable development, and fulfill their obligations in the declaration and strategy.

Symposium on Reforming UN Concludes in Beijing

OW0311064293 Beijing XINHUA in English 0613 GMT 3 Nov 93

[Text] Beijing, November 3 (XINHUA)—A symposium on the mechanism and reform of the United Nations concluded here today.

About 80 experts on world affairs and former Chinese diplomats to the United Nations attended the three-day symposium, which focused on its peace-keeping efforts, reform of the Security Council, collective security and South-North relations.

The meeting was co-sponsored by the United Nations Association of China, the China Institute of Contemporary International Relations, the Foreign Affairs College and the Beijing Language and Culture University.

Li Peng Discusses Sino-U.S. Ties, Hong Kong

HK0211065293 Hong Kong WEN WEI PO in Chinese
2 Nov 93 p 2

[Editorial: "Li Peng's Speech Has Shown China's Principled Stand"]

[Text] On 18 October, Premier Li Peng accepted a special interview with Wang Hong-nien and Lee Kwok-keung, director and chief editor respectively of Hong Kong's KUANG CHIAO CHING. He talked about Sino-U.S. relations, the three big tasks currently being grasped in China, and the Hong Kong question, revealing the views held by China's top level on many vital issues at home and abroad. This was a very important talk.

Li Peng mentioned that President Jiang Zemin and President Bill Clinton would meet in Seattle in mid November. He said: "The meeting of the two countries most senior leaders is itself a good thing and has great significance." "So long as both sides can abide by the principles of the three communiques, relations between the two countries can improve and develop." China is willing to develop Sino-U.S. relations and improve cooperation. However, China also has a principle, that is, abiding by the three Sino-U.S. communiques and taking them as the foundation for the development of Sino-U.S. relations. The three communiques are not only a manifestation of interests on the Chinese side, they are the common interests of China and the United States. In the past, the United States has promised us noninterference in internal affairs, equality, reciprocity, peaceful coexistence, and a reduction of weapons sales to Taiwan; since it made the promises, it has an obligation to keep them. If the United States thinks highly of its economic interests in the Asia-Pacific region, it should certainly improve relations with the country which has the largest population and fastest economic development in the region—China. At the Asia Pacific Economic Cooperation [APEC] forum, perhaps Clinton will still have to talk about human rights, weapons transfers, and trade deficits. In fact, these problems are not difficult to solve if we abide by the principles of the three communiques. Concerning Sino-U.S. relations, if the United States can change its hegemonic attitude this will be conducive to reducing trouble and stepping up cooperation, and this is in accordance with the common interests of the two countries, as well as being conducive to peace, stability, and economic development in the Asia Pacific region.

The development of the situation in Hong Kong is also closely related to whether China and Britain abide by agreements reached in the past. Li Peng said: "China keeps promises and adheres to principles when it comes to the matter of implementing the Sino-British Joint Declaration, the Basic Law, and the relevant agreements; it is Britain who has regressed, therefore, reason is not on their side, it is on the Chinese side."

Regarding the 1994/95 electoral arrangements, China has not wanted controversy from the beginning. Before

Chris Patten delivered his first policy address, the Chinese side had requested Patten to act according to Annex II of the Joint Declaration, bring a reform package to the Joint Liaison Group for discussion, and to refrain from announcing the package unilaterally. But Patten turned a deaf ear to this advice, and the consequence has been a year-long controversy, which has not been resolved up to now. At present, talks on the 1994/95 electoral arrangements are still being held, and China hopes the talks succeed, but whether the talks succeed is not a matter which can be completely determined by the Chinese side. China is sincere about reaching an agreement; if indeed the talks fail, the responsibility is not on the Chinese side.

Reflecting on the situation of the Sino-British talks at this time, Li Peng said: "It is now only three years or so away from 1997 when Hong Kong returns to the motherland. Why has Britain not given democracy to Hong Kong over the past 150 years but is now so enthusiastic about giving it a 'gift' of 'democracy'?" This provides food for thought. To deal with Britain, one must think more and ask a few more questions." Li Peng also said: "The Preparatory Committee for the Hong Kong Special Administrative Region [SAR] was originally scheduled for 1996, but now much work must be done ahead of schedule and preparatory work for the SAR must be stepped up."

Li Peng's speech has forcefully indicated China's position. China has one purpose and that is to realize a smooth transition and maintain Hong Kong's stability and prosperity. No matter what twists and turns take place, China has the confidence as well as the ability to do this.

The actual situation is also like this. Since the British side has threatened to "conclude the talks within weeks," the preliminary work committee of the Preparatory Committee of the Hong Kong SAR has stepped up its work and has worked solidly. A meeting of the political affairs panel tomorrow will discuss the method for the formation of the first legislative council of the SAR, and this has a very important role to play in stabilizing the people's minds. So long as the work of a smooth transition can rely on the Hong Kong people and so long as there are correct policies, Hong Kong people will have more confidence in China's determination and ability to realize a smooth transition and maintain Hong Kong's prosperity and stability.

The Chinese Government's policy towards Hong Kong is firm. Any idea which hopes that China will make concessions on a question of principle is an impractical fantasy. The only way out for the British side is to handle things according to the "three conformities" principle so that China and Britain can reach an agreement at an earlier date.

Apart from Sino-U.S. relations and the Hong Kong question, Li Peng also talked about the three big issues in

China, that is, strengthening and improving macroeconomic regulation and control, deepening reform, and the anticorruption drive. Doing well in these three major issues has a profound significance for China's development. When China is developed, it will have a more advantageous position when handling Sino-U.S. relations and solving the Hong Kong issue, and everything can be done more easily. Therefore, Hong Kong compatriots should be greatly encouraged when they read Premier Li Peng's talk.

U.S. Trade Official Discusses APEC Status

OW0211182393 Beijing XINHUA in English 1748
GMT 2 Nov 93

[Text] Washington, November 2 (XINHUA)—The Clinton administration is to "proceed slowly" with the identification of the Asia-Pacific Economic Cooperation (APEC), a senior trade official said here today.

U.S. Deputy Trade Representative Charlene Barshefsky, speaking at a press conference, said her country saw "a desire in Asia to move APEC beyond simply a facilitation," but "obviously, it'll take time."

The leaders of the 15 members of APEC, established in 1989, will meet in Seattle, Washington, later this month. The summit was proposed by President Clinton, which saw potential in expanding the U.S. trade with Asia.

"There is a conflict within APEC on the identity of APEC," Barshefsky noted, adding that the disputes are mainly on keeping APEC as a negotiation forum, or turning it into a decision making body on trade liberalization.

The varied members of APEC include major industrial countries in Asia, the four dragons in Southeast Asia, members of Association of Southeast Asian Nations (ASEAN) and the People's Republic of China.

The fast growing APEC, which owns 40 percent of world's total population and an annual combined gross domestic product at 13 trillion U.S. dollars, now accounts for 40 percent of total world trade volume.

The Clinton administration, the deputy trade representative noted, has a profound understanding on the impact of global trade on the U.S. economic recovery and job creation, both the key words of Clinton's economic plan.

In 1980, Barshefsky explained, the U.S. transpacific trade equaled its transatlantic trade for the first time. By 1990, she said, the U.S. trade with Asia exceeds its trade with European countries by 50 percent.

In addition, the U.S. direct investment in Asia doubled from 1985 to 1990. And today, the 2.5 million jobs in the U.S. are dependent on its trade with Asia.

"If we're to remain competitive, we must build constructive alliances with APEC," Barshefsky stressed.

The trade official also disclosed that a trade and investment framework, whose negotiation has just completed, will be struck at the Seattle summit, thus moving APEC beyond a facilitation or a negotiating forum.

Among the three key results of the forthcoming summit, she noted, will be a report by eminent persons on long-term goals of APEC, making businesses more involved in APEC activities, and a consensus on future APEC membership application.

Mexico, Papua New Guinea and Chile are reportedly willing to be the new members of an enlarged APEC. "APEC should be non-exclusive, but new members can only be admitted with consensus," Barshefsky said.

The deputy trade representative denied any inconsistencies on the Clinton administration's approach towards APEC and the proposed three-nation trade accord, the North America Free Trade Agreement (NAFTA), which faces congress ratification at the time of the summit.

"There is not any inconsistencies between APEC and NAFTA," Barshefsky said, adding that "the U.S. is looking for every means by which it can remain competitive, retain its jobs and compete in the world."

She also said that the European Community has no reason to be worried about the booming U.S. trade with Asia. "The U.S. position," she noted, "is that trading blocs cannot and should not be exclusive, or discriminatory" against outside members.

In public or private, President Clinton and administration officials have been targeting Japan, whose trade surplus with the U.S. was nearly 50 billion dollars last year, in promoting congress passage of NAFTA.

"The U.S. will pursue multi-track approach towards trade liberation," the trade official noted, referring to the U.S. involvement in the global trade talks under the General Agreement of Tariffs and Trade (GATT), regional trade arrangement like NAFTA and APEC, and bilateral arrangements.

The official saw extraordinary U.S. export trade opportunities in the infrastructure markets in Asia, such as telecommunications, computers and medical equipment, where the U.S. remains the world leader.

Currently, 25 percent of the gross domestic product of the U.S. depends on trade, while the pay for export-related jobs is generally 17 percent higher than that for other jobs.

Conference on Urbanization in Asia, Pacific Opens

Vice Minister Addresses Meeting

OW0211171993 Beijing XINHUA in English 1509
GMT 2 Nov 93

[Text] Bangkok, November 2 (XINHUA)—A Chinese vice minister said here today that it can be said "the

step-by-step solution to the urbanization problems in China, which has a population of 1.1 billion, is a great contribution to human society."

Li Zhendong, a Chinese vice minister of construction, said that the Chinese Government has adopted a series of suitable policies and measures for the solution of urbanization problems and has achieved substantial progress.

Speaking at the ministerial conference on urbanization in Asia and the Pacific, which opened here yesterday, Li said that judging from China's experience, it is believed that "urbanization is a matter of progress, which is closely inter-related with economic development and human civilization."

Li pointed out that for China, a country with a large population, urbanization has always been one of the priorities of the Chinese Government.

During the 1980s, while China's economic and industrial growth was the fastest since the founding of the People's Republic, rapid urbanization was also taking place in the country.

Between 1980 and 1992, the number of designated cities increased from 223 to 517, with urban population increased from 135 million to 320 million.

A great number of peasants found jobs in the secondary and tertiary industries.

The Chinese representative added that urbanization has created and amassed a great deal of material wealth for the country and promoted housing construction and urban infrastructure development in cities and townships.

However, the rapid economic development has also brought along problems, such as overcrowding in megacities. As a result, much strain bears on urban infrastructure, the service industry and environment, meanwhile, the innumerable township industries adversely affect the rural ecological environment.

Li said by the year 2000, China will have had an urban population of 400 million, and by 2020, over 500 million.

The Chinese Government will control the size of megacities but would develop medium-sized and small cities to reasonable sizes.

'Bangkok Declaration' Adopted

*OW0211172893 Beijing XINHUA in English 1543
GMT 2 Nov 93*

[Text] Bangkok, November 2 (XINHUA)—The ministerial conference on Urbanization in Asia and the Pacific closed its two days of deliberations here today with the adoption of a ministerial declaration on sustainable urban development and management in Asia and the Pacific.

The document, also known as the Bangkok Declaration, said that countries of the Asian and Pacific region are undergoing demographic, economic, social, cultural and environmental change from predominantly rural to urban.

In the meantime, the extent and magnitude of urban poverty is serious and that government interventions are necessary to alleviate poverty and empower the urban poor.

The declaration said that for urban development to be sustainable, urban environmental issues need to be tackled on an urgent basis.

It added that as there is no universal prescription for successful urban development, in order to achieve success, urban development and management policies need to be designed and implemented in accordance with each country's specific situation and conditions.

It urged member countries of the economic and social commission for Asia and the Pacific to formulate and implement national strategies and action plans on urban development so that benefits of economic and social development are distributed over a wider range of human settlements and across different sections of the society.

It also called for higher urban productivity and enhanced policy decision making, social and economic empowerment of women and urban disadvantaged groups, specially the poor.

It also found it necessary to preserve the cultural and historical heritage and improve the urban environment and mitigate the effects of natural disasters.

The declaration proposed that a second conference of this kind be convened in 1998 and a new report on the state of urbanization in Asia and the Pacific be prepared and submitted to the next conference, which Sri Lanka has shown interest to host.

Final Report Lists Issues

*OW0211173593 Beijing XINHUA in English 1708
GMT 2 Nov 93*

[Text] Bangkok, November 2 (XINHUA)—The Asian and the Pacific countries have recognized that urbanization is inevitable and unavoidable and one of the central features of social and economic change at present and in the future.

This was stated in the final report adopted here today at the ministerial conference on Urbanization in Asia and the Pacific.

The report also pointed out that economic growth itself is not sufficient to reduce poverty and that greater urban productivity and consequential income generation would contribute to poverty alleviation so long as policies to ensure income distribution are also introduced.

The meeting noted that one of the major causes of environmental degradation is inappropriate economic policy. Industrial growth, combined with inadequate infrastructure for disposal and treatment of waste and inadequate institutional mechanisms to ensure environmental protection, lead to environmental deterioration.

Stressing the important role played by journalists, the report called on government to be more open to them for interviews and briefings.

Sir Lanka has offered to host the second ministerial conference on urbanization, the report said.

Article Views U.S., International Arms Control

OW0211123193 Beijing GUOJI WENTI YANJIU in Chinese 13 Oct 93 pp 18-22, 48

[Article by Tan Han (6223 3352): "Evolution of U.S. Arms Control Policy"]

[Text] During the Cold War period, the U.S. arms control policy took on the Soviet Union as its adversary and, through arms control agreements, tried to contain the other party while continuing to develop its own programs in a bid to secure a strategic situation in its favor. When the Cold War was over, the United States shifted its national security policy from dealing with the Soviet Union's global threat to tackling conflicts in important regions, and, in the field of arms control, enhanced the prevention of the proliferation of weapons of mass destruction and their means of delivery to the level of national security strategy.

In light of the changes that have taken place in the international situation following World War II, the United States has been constantly adjusting its arms control policy. Overall, as of today it has roughly gone through two stages—the Cold War and the post-Cold War periods.

I. After World War II, the Confrontation of Military Might Gained Its Prominent Position in an International Situation Characterized by the East-West Confrontation, Under Which the United States and the Soviet Union Engaged in a Long and Ever-Escalating Armaments Race. Although They Managed To Reach Certain Arms Control Agreements During This Period, They Were Essentially Formulating Certain Rules for the Race—a By-Product of the Arms Race.

During the Cold War period, the armaments race between the United States and the Soviet Union and its related arms control activities roughly went through the following stages:

1. The period from 1945 to the "Cuban Missile Crisis" in 1962 saw both the United States and the Soviet Union going all out in developing thermonuclear weapons and their means of delivery—intercontinental guided missiles. Taking advantage of its nuclear superiority, the United States promoted the nuclear deterrent strategy of

"mass destruction." During this period, no substantive arms control agreements were reached or were able to be reached between them.

2. The second period was from 1962 through 1979 when the United States and the Soviet Union signed the Strategic Arms Limitation Treaty II [SALT II]. After the "Cuban Missile Crisis," the Soviet Union, realizing its nuclear strength had not reached the level to effectively confront the United States, continued accelerating its nuclear weapons development programs with great efforts. By the late 1960's the nuclear strength between the United States and the Soviet Union was more or less in parity. Meanwhile, the perilous consequence of a nuclear clash also compelled them to begin exploring ways to impose limits on certain fields of the arms race, trying to establish certain relatively stable, predictable strategic relations between them. Under the new balance of nuclear capability, the United States began to shift its strategy of "mass destruction" to "an assurance of mutual destruction." The United States and the Soviet Union commenced their first-phase talks on strategic arms limitation in 1969. Both sides signed "The Agreement on Measures To Reduce the Danger of Outbreak of a Nuclear War" in 1971 and "The Antiballistic Missile System Limitation Treaty" and "The Interim Agreement on Certain Measures Related to Strategic Arms Limitation" in 1972. They again reached an agreement with SALT II in 1979. These treaties and agreements, on the one hand, reflected that both sides no longer intended to endlessly increase the quantity of certain types of nuclear weapons in the arms race, setting the ceiling for both sides in possessing particular types of weapons; and also, on the other, indicated both sides' intention to exploit these treaties and agreements to contain the other party while continuing to develop their own superiority. After signing SALT I, both sides immediately engaged in another race of developing multiple independently targeted re-entry vehicles, followed by the development of intermediate-range ballistic missiles and Cruise missiles. Hence, these arms control agreements have not prevented—or rather have not been able to prevent—an armaments race; they have only adjusted the direction of the race for both sides.

During this period, the "Treaty of Partial Prohibition of Nuclear Tests" and the "Treaty of Nonproliferation of Nuclear Weapons" were signed at the initiation of the United States and the Soviet Union. For the purpose of coordinating the United States' and the Soviet Union's outerspace activities in the future and controlling those of other countries, the "Treaty Governing the Activities in the Exploration and the Uses of Outerspace, Including the Moon and Other Celestial Bodies" as well as the convention on banning biological weapons were drawn up.

3. The period from 1981 when Reagan assumed power to 1991 when Gorbachev stepped down. U.S. arms control policy began its major changes during this period, with the 19 August incident in the Soviet Union as the turning point.

During the first half of the 1980's, after Reagan assumed power, he adopted an even tougher policy toward the Soviet Union and embarked on armament expansion energetically. In an attempt to establish a superior U.S. military strategy of defense and offense and achieve the strategic objective of wearing the USSR down through the arms race, he initiated the "Strategic Defense Initiative," or "Star Wars," and proposed to gradually replace the "strategy of mutual destruction" with the strategy of what he called ensuring mutual survival. To this end, the United States even went so far as employing trickery when proceeding with technological tests of "Star Wars" in an attempt to fool the Soviet Union. The two countries' arms control efforts were virtually at a standstill during this period.

In 1985 after Gorbachev assumed power, he changed the Soviet Union's former strategy of contending with the United States and resumed arms control negotiations with the United States. Under the situation where the Soviet Union continued to make major concessions to the United States and the West, the United States and the Soviet Union, at the end of 1987, had reached an agreement on destroying all their intermediate missiles. In 1990, the Soviet Union and the West also reached the "Treaty on Conventional Disarmament in Europe" (because of the subsequent disintegration of the USSR and the Warsaw Pact, treaty obligations had to be re-established. Because of this need, NATO member states and the newly independent states, following the disintegration of the USSR as well as the former East European countries, signed a protocol in Helsinki in June 1992 on the implementation of this treaty), and the United States and the USSR, after negotiations that lasted over nine years, signed their first "Strategic Arms Reduction Treaty" in July 1991. When Gorbachev stepped down from power on 25 December 1991, the Soviet Union officially disintegrated.

The Soviet Union was on the verge of disintegration in the early 1990's when cataclysmic changes occurred in Eastern Europe and the dissolution of Warsaw Pact. Fundamental changes had taken place in the long-standing East-West military confrontation during the Cold War. The United States acquired the military superiority which it had failed to achieve since World War II. Although the United States has won the upper hand in the arms race, it has become totally exhausted, and its overall national strength has weakened relatively. Its proportion in the world economy has dropped from approximately 50 percent after the war to less than 25 percent today. The outcome of the U.S.-Soviet arms race is "one injured, one dead."

The U.S. arms control policy during the Cold War had the following characteristics:

1. It used arms control agreements to make its adversary, the USSR, adjust its arms race activities so as to handicap the USSR and achieve a strategic situation advantageous to the United States.

2. After the United States and the Soviet Union achieved a basic balance of nuclear strength, the United States, to obtain an advantageous position in the arms race through its technological superiority, reached certain agreements with the USSR on reducing the quantity of certain types of nuclear weapons, but also left some leeway for itself to develop new nuclear weapons and to improve the quality of weapons, thus creating spiraling escalation of the arms race.

3. The United States' multilateral arms control activities were primarily intended to serve the needs of its bilateral relations with the Soviet Union.

II. Following the Cold War, the Priority Which President Bush Stated in His U.S. Defense Plan Changed From Dealing With the Soviet Union's Global Threat to Dealing With Major Regional Conflicts, and It Was Underscored in the Plan That It Was Important to U.S. Security To Prevent the Proliferation of Weapons of Mass Destruction and Their Delivery Vehicles.

In his 1991 report on "U.S. National Security Strategy," President Bush believed that fundamental changes had taken place in the setting of the times. He said: "The arduous struggle which lasted two generations and which divided the world has ended. The collapse of the Soviet rule in Eastern Europe means the Cold War is over, the key issue has been resolved, and we have entered a new age." He then added: "The Soviet Union remains the only country with the ability to destroy U.S. society with its military materials." In shaping the security strategy for the new age, he said America must "clearly understand the opportunities which history has offered us and must be soberly aware of the danger which still exists."

Confronted with a disintegrating Soviet Union following its "August 19" incident, the Bush administration immediately readjusted its arms control policy and changed its previous practices. The change has the following characteristics:

1. It focused on preventing the Soviet nuclear arsenal from experiencing a loss of control and a proliferation of nuclear weapons. To secure the safety of the Soviet nuclear arsenal, U.S. Secretary of State Baker at that time shuttled between the several Soviet republics which possessed nuclear weapons and asked them to place all their nuclear weapons under the stringent control of a centralized organ, meaning under the control of Russia.

2. It initiated the proposal to reduce tactical nuclear weapons unilaterally so that the number of nuclear weapons—especially tactical nuclear weapons that can spread easily—possessed by the Soviet Union could be reduced as quickly as possible. Because of Gorbachev's prompt response to Bush's proposal, the two countries' tactical, land-based nuclear weapons were quickly rounded up and reduced. Meanwhile, the Bush administration took the opportunity to seek a reduction in Soviet land-based, multiple-warhead ICBM's, which posed the greatest threat to the United States. In June

1992. Bush and Yeltsin reached an "Accord of Understanding on Reducing Strategic Weapons." Under this "Accord," Russia was committed to totally eliminating from its nuclear arsenal the land-based, multiple-warhead ICBM's, which posed the greatest threat to the United States, and the United States was required to reduce only some submarine-launched missiles, an area in which the United States is superior, thus allowing the United States to maintain a relatively high limit. The total numbers of strategic nuclear warheads which each side can own are also different. By the year 2003, the number of such warheads which Russia will own will have been reduced to 3,000 whereas the United States will still be allowed to keep 3,500. Owing to political pressure at home as well as economic and technical problems during the process of drafting the treaty, the Russian side demanded the "Accord" be amended. The United States made some compromise so that this treaty, which is very favorable to the United States, can be concluded as quickly as possible and Phase II of the "Treaty on the Reduction of Strategic Arms" was signed in Moscow on 3 January 1993 before Bush left office.

3. After Bush assumed the presidency, he downsized Reagan's "Strategic Defense Initiative" (SDI) and pushed the "Global Prevention Against Limited Strikes" (GPALS) system. Following the disintegration of the Soviet Union, nuclear states such as Russia faced an uncertain future. A report in the 1992 U.S. "Military Strategy" points out: "The former Soviet Union, which owned a great deal of nuclear weapons, faced great political and security instability as well as uncertainties in its future." Because of this, as well as the impact from the Gulf war, the Bush administration's worries about limited missile strikes from the previous Soviet Union and strikes from one or several Third World countries were not alleviated. That was why it intensified, not slackened, appropriating money for the development of GPALS.

During Bush's presidency, and especially during the latter part, the attention it paid to arms control was still focused on the movement of the nuclear arsenal of the CIS following the disintegration of the Soviet Union, and also on acquiring more and greater military advantages for the United States. Meanwhile the Bush administration also began to underscore the importance of preventing the proliferation of weapons of mass destruction and their delivery vehicles.

4. When Bush made his important policy speech at the Aspen Society on 2 August 1992, he clearly stated that the United States had shifted the priority of its defense from dealing with the Soviet Union's global threat to dealing with major regional conflicts. The 1991 report on national security strategy also emphasized the importance of "stopping proliferation." The report pointed out that after the major issues of arms control in Europe and in the East and the West have been taken care of, "we have shifted our attention to other regional and global arms control targets. The most pressing issue now is stopping global proliferation of nuclear and biological

weapons and their delivery vehicles." The report also came up with specific, three-stage measures for preventing proliferation. When Powell, chairman of the U.S. Joint Chiefs of Staff, discussed the factors affecting U.S. security in his military strategy report in 1992, the first factor he cited was "the proliferation of nuclear, chemical, and biological weapons and their delivery vehicles." Ronald Leman, director of the U.S. Arms Control and Disarmament Agency, also believed that "the most pressing arms control mission today will increasingly be one of focusing on preventing the proliferation of weapons of mass destruction and their delivery vehicles." Former Secretary of State Baker also said that the proliferation of weapons of mass destruction may be the greatest threat to security in the 1990s.

The White House announced the outline of Bush's proposal on preventing nuclear proliferation on 13 July 1992. The proposal tried hard to integrate all relevant policies on a general basis "to facilitate guidance over U.S. policy on preventing nuclear proliferation in the next few years." "The United States will begin to consolidate, improve, and amplify the existing criterion on preventing global nuclear proliferation." The United States "seeks to continue to play a leading role in important issues." "The United States will continue to concentrate efforts especially on dealing with the danger of arms proliferation in South Asia, the Persian Gulf, the Middle East, and the Korean Peninsula." The United States would seek to extend the validity of the "Nuclear Nonproliferation Treaty" worldwide indefinitely by 1995, to strengthen the role of the International Atomic Energy Agency [IAEA], and to require every country to accept the guiding principles stipulated in the "Missile Technology Control Regime" (MTCR); the achievement of these objectives would constitute a part of U.S. national policy.

III. The preliminary Measures Taken by the Clinton Administration for Arms Control.

Bush's stepping down and Clinton's winning the presidential election indicated that the United States, which also suffered heavy losses from the Cold War, would place vigorous development of the U.S. economy top on the agenda of all its tasks in the future, and would revolve the shaping of its policies on the military, security, disarmament, and arms control around the central task of promoting vigorous economic development.

The Clinton administration believed "vigorous development of the U.S. economy is the most important national security issue," and "is of crucial importance to the leading role and security of the United States."

The Clinton administration decided to further cut the military budget and arms by making vigorous economic development its central task. However, meanwhile it stressed that the United States must maintain "an army which is the most powerful in the world."

Clinton believes "the world today is still unpredictable." However, he believes, the threat to U.S. national security during the Cold War era has disappeared and will not return. Clinton's defense policy, to quote the remarks of a U.S. defense expert, is "directed against the post-Cold War era, and does not focus on the Soviet Union and its successors." The focus of its defense "has shifted from the Soviet Union to regional threats."

The Clinton administration attaches great importance to arms control, believing that arms proliferation poses a serious threat to U.S. security during the post-Cold War era. Shortly after Clinton took office, he said he "would continue joint efforts with Russia and other nuclear powers to cut nuclear arms," "would vigorously strive to prevent the proliferation of weapons of mass destruction—nuclear, biological, and chemical weapons," and "would work for the conclusion of an appropriate treaty on banning nuclear tests as well as appropriate treaties on nonproliferation and on banning technical transfers." The first two of the four new dangers to U.S. defense under the new situation enumerated by Defense Secretary Aspin in the national defense budget for fiscal 1994 that he submitted to the Congress on 27 March were regional threats that would adversely affect U.S. interests and the proliferation of weapons of mass destruction.

In the face of the new situation and various factors causing uncertainty after the Cold War, the Clinton administration looks at continuing to maintain a military force that is the most powerful in the world and vigorously promoting arms control and preventing the proliferation of weapons of mass destruction as the two pillars that will militarily guarantee the security of the United States. The major measures taken for the second pillar are:

1. The Clinton administration will cut military expenses and forces by a relatively large margin, and, meanwhile, will implement a "picked troops" policy.

The Clinton administration's military budget for fiscal 1994 is \$263.4 billion, less than the budget for the previous fiscal year by \$12 billion, and it plans to cut military expenses during his four-year presidency by \$88 billion more than the figure proposed by the Bush administration. Despite the cuts, (Jacques Bomer), chairman of the (Defense Questions and Armaments Committee of the Western European Union), pointed out in his article entitled "Defense: the New Strategy of the United States" that the trimmed U.S. national defense budget is still more than double the sum total of the national defense budgets of the 10 nations most dangerously hostile to the United States.

The Clinton administration disclosed a five-year defense plan on 1 September. It will reduce the total U.S. Armed Forces on active duty from 1.8 million to 1.4 million, 200,000 more than the maximum number originally planned by the Bush administration; naval warships from 443 to 340; aircraft carriers from 14 to 12; and active Air Force fighter wings from 28 to 20. U.S. bases

and installations at home and abroad will face further reduction; most of them will be closed, while the others will be readjusted, strengthened, or reequipped. While reducing the Armed Forces, the Clinton administration stressed the necessity to "maintain a high degree of combat readiness by the U.S. Armed Forces as well as their superiority in technical equipment and quality" and to establish a "crack, mobile, and high-technology force" to enable the United States to cope with two major regional conflicts at the same time.

2. Bring "SDI" to an end and implement the "Antibalistic Missile Program."

On 13 May 1993, Defense Secretary Aspin officially announced the end of "the Star Wars period" and renamed the Department of Defense's SDI program the Ballistic Missile Defense Organization. During the Bush administration the scale of the SDI was reduced to a "global defense system against limited strikes." As a result of changes in the international situation, and because of the differences in assessment of the threat from the former Soviet Union between the Clinton and Bush administrations, Aspin believes "the fate of the Star Wars has been settled following the collapse of the Soviet Union." However, he said the United States would continue to promote its antiballistic missile [ABM] program. Clinton differs from Reagan and Bush in choosing to abandon the goal of deploying weapons in space. The \$3.8 billion to be spent on defense against ballistic missiles in the 1994 fiscal year has not been cut. The two main objectives of the revised ABM program are the development of a new generation of weapons capable of shooting down short-range ballistic missiles, and the development of a land-based defense system against long-range ballistic missiles. Those who criticize the program maintain that the so-called renaming is, in fact, "a change in form but not in essence." Due to changes in the situation and various economic and technical difficulties, the speed of development of the all-encompassing ABM system slowed and appropriations were less than Bush had expected. However, some projects which got under way during the period of the SDI and the "global defense system against limited strikes" have not been entirely scrapped; the pace of development of some was slowed, while some others were temporarily shelved. The United States is now concentrating its efforts on developing a land-based AMB system for the purpose of dealing with certain developing countries which it believes threaten its security.

3. Strive for the conclusion of a treaty on the complete cessation of nuclear tests to prevent nuclear proliferation.

On 3 July 1993, the Clinton administration officially announced the extension of its moratorium on nuclear testing by 15 months, that is, it will not conduct a nuclear test before 1 October 1994, on condition that other nations do not conduct nuclear tests. Clinton did well by trumpeting his call for a complete ban on nuclear testing

during his presidential campaign. After Clinton assumed the presidency, he chose to conduct nine more nuclear tests (fewer than the 15 approved by Congress in 1992). Three tests were to be conducted by Britain, the other six tests were arranged as follows: Three tests on the safety of the design and equipment of the W80 warhead on air-launched, nuclear, ballistic missiles; and three other tests on the W76 (the nuclear warhead of the "Trident-I" missile), the W87 (the nuclear warhead of the MX missile), and the W88 (the nuclear warhead of the "Trident-II" missile). The overall nuclear superiority enjoyed by the United States will not be affected no matter whether the six tests are conducted or not. However, if the United States takes the lead in terminating its moratorium, it will inevitably touch off a chain reaction. France, Britain, and Russia will successively conduct nuclear tests and that is obviously detrimental to the efforts made by the United States to bring about a complete ban on nuclear tests, to extend the validity of the "Nuclear Nonproliferation Treaty" indefinitely by 1995, and to prevent nuclear proliferation. Based on a careful weighing of the advantages and disadvantages, Clinton announced that the United States would continue its test moratorium for a further 15 months to see what kind of result it produced. However, the United States has already conducted research into using computers to simulate testing and if it is successful in this research then it will no longer see on-site nuclear testing as necessary. In the past, the United States opposed a complete ban on nuclear tests because it wanted to achieve nuclear superiority; now it calls for a complete ban on nuclear testing for the purpose of consolidating its nuclear superiority.

The major adjustment made by the United States to its policy on arms control after the end of the Cold War was to vigorously prevent the production of weapons of mass destruction and, in particular, the proliferation of nuclear weapons and their delivery vehicles—ballistic missiles.

4. Revising and pushing the implementation of the "guided missile technological control system."

In 1987, the United States initiated and formulated the "guided missile technological control system" in order to control the proliferation of guided missiles and missile technology. It forbids the export of missiles with a range of more than 300 km and a load above 500 kg, together with the transfer of such technology. In January 1993, the U.S. State Department published the latest edition of the "guided missile technology control system" and set greater limitations on the export of missiles and technology. If the United States considers a certain country has violated the stipulations of the "system," it may enforce sanctions against that country according to U.S. law. This has shown fully the way in which the U.S. Government is pushing power politics.

U.S. Secretary of State Warren Christopher declared: "In the wake of entering a new and extremely dangerous period, this government will place the issue of preventing

the proliferation of weapons on a priority list for consideration." It shows the United States will make unremitting efforts to prevent the proliferation of weapons by strengthening control over exports, economic sanctions, and even the use of force if necessary. Forceful enforcement of measures to control the proliferation of ballistic missiles and related technologies may delay the proliferation of such weapons, but cannot stop proliferation. To those relatively advanced developing countries, the science and technology needed for the manufacture of such weapons are no longer mysterious and impossible. They can develop such technology independently without resorting to import. Besides, it will be hard to stop the import of some technology which has both civilian and military applications. The way to completely solve the problem of weapons proliferation is to forsake power politics and solve political and security issues among the regions and countries in accordance with the principles of the Charter of the United Nations. In the final analysis, the problem of the proliferation of weapons is a political one. Besides, the United States is carrying out a double-standard policy on the issue of weapons proliferation. For instance, on the issue of the nonproliferation of guided missiles, the United States strictly forbids other countries from exporting related technology, but at the same time cooperates with Israel in the design and production of "arrow"-type missiles.

The Clinton administration has shown great concern about nuclear weapons in the territories of the former Soviet Union, especially the future of nuclear weapons in Ukraine. It has also actively intervened in or used great influence in the nuclear issue on the Korean Peninsula and in nuclear matters between India and Pakistan in South Asia. To cope developments, the United States may take further action on the issue of arms control in the future. This must be watched closely.

The distinguishing features of the U.S. Government's arms control policies during the later stages of the Cold War and in the early period afterward are as follows:

1. It focuses attention on reducing nuclear weapons in the former Soviet Union and preventing the proliferation and loss of control of those weapons. In its new security policy, the United States considers the prevention of proliferation of weapons of mass destruction and vehicles capable of carrying them as important as its own national security, and is increasingly adopting more solid measures to prevent proliferation.

2. While it maintains a powerful nuclear deterrent capability and continues its nuclear deterrent policy, the United States has started to reduce military expenditure and cut its nuclear weapons and conventional forces in a limited manner. However, it meanwhile stresses the need to raise the quality of its military forces and to raise the troops' rapid reaction and deployment capability.

3. It has announced the end of "the Star Wars era," but continues to promote its anti-missile defense program.

4. Although both the Bush and Clinton administrations have constantly adjusted U.S. arms control policy in the wake of the changing strategic situation, the United States has not changed its fundamental goal of strengthening its own security and playing a "leading" role in the world. It has not changed its policy of maintaining the most powerful military force in the world. It has not changed its nuclear deterrent strategy. Nevertheless, in the wake of the end of the Cold War, U.S. forces have become relatively weaker. It has conspicuous domestic problems and its willingness to use forces abroad has decreased.

Egypt's Mubarak Ends Trip to U.S., France, Syria
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[By Liu Shun]

[Text] Cairo, October 31 (XINHUA)—Egyptian President Hosni Mubarak wound up Saturday [30 October] an eight-day tour that took him to the United States, France and Syria.

This was his first visit to foreign countries since he was re-elected for a third-term of office earlier this month.

Political observers in Cairo believed that Mubarak has made some progress in pushing forward the Middle East peace process, achieving national reconciliation in Somalia and obtaining Western aid for Egypt.

President Mubarak held talks with both U.S. President Bill Clinton and French President Francois Mitterrand, focusing on ways of pushing forward the Middle East peace process.

Mubarak reached agreement with Clinton and Mitterrand on breaking the deadlock in the Syrian-Israeli peace negotiations and having the Arab-Israeli talks resumed in Washington.

The three leaders also said they believed that the Middle East peace process, particularly the bringing back of Syria and Israel to the negotiating table, should be accelerated.

At the close of his tour, President Mubarak announced that he and U.S. President Clinton agreed on a point that a Syrian-Israeli accord could be reached within a month or two, or by the end of this year.

Dennis Ross, the U.S. Middle East peace coordinator, will make a tour of the region early November, preparing for U.S. Secretary of State Warren Christopher's Middle East tour late November.

French Foreign Minister Alain Juppe will also start a Middle East tour early November.

In addition, Egypt will send an envoy to Israel early next month, while Israeli Prime Minister Yitzhak Rabin will visit the United States next month as well.

Some diplomatic sources in the Egyptian capital expect that the coming round of the Arab-Israeli peace talks is to be held in Washington in December.

The Somalia problem was one of the important topics that were probed by President Mubarak with both President Clinton and President Mitterrand.

During their talks with him, the American and French presidents assured their Egyptian counterpart that, as far as the Somalia problem was concerned, they were committed to fulfill four main principles:

- To start a national reconciliation process that will bring all rival factions, including that lead by Mohamed Farah Aidid;
- To seek to achieve a ceasefire;
- To start a disarmament process; and
- To set up a governing body necessary for rebuilding the country and restoring law and order to it.

During his stay in both the U.S. and France, President Mubarak met with a number of officials of economic and financial institutions of the two countries, as well as with chairmen of the World Bank and the International Monetary Fund (IMF).

The United States promised to continue to give Egypt 815 million U.S. dollars a year in economic aid, as well as 1,300 million dollars in military assistance over the coming three years, and to expand its investments in Egypt.

France also pledged to continue to give economic aid to Egypt and to boost economic cooperation between the two countries.

The IMF and the World Bank will send two separate missions to Egypt in December this year and next February to inspect Egypt's economic reform program.

On his way back home, President Mubarak made a stopover in Syria to brief Syrian President Hafiz al-Asad on the outcome of his talks in the U.S. and France.

According to Cairo's reliable sources, President Mubarak conveyed to President al-Asad a pledge by U.S. President Clinton to achieve a complete withdrawal of Israeli forces from the Syrian Golan Heights, in return for Syria's acceptance of the presence of U.S. troops, early warning stations and observation posts in the Golan Heights, with the aim of fulfilling Israel's security requirements.

United States & Canada

Liu Huaqing Calls Freeman Visit 'Good Beginning'

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[By reporter Zhou Shuchun (0719 2885 2504)]

[Text] Beijing, 2 Nov (XINHUA)—General Liu Huaqing, vice chairman of the Central Military Commission, said today: U.S. Assistant Secretary of Defense Charles Freeman's visit to China represents a good beginning for improving Sino-U.S. military relations.

Liu Huaqing met with Freeman at the Great Hall of the People this morning and welcomed his official visit to China. He said: This visit is conducive to enhancing mutual understanding and improving relations between the armed forces of the two countries. "This is a good beginning."

He added: The international situation has undergone profound changes with the end of the Cold War, but wide-ranging common interests still exist between China and the United States. The Chinese leadership and government always attach importance to Sino-U.S. relations in the belief that maintaining a good Sino-U.S. relationship is an important matter which not only concerns the fundamental interests of the two countries but represents an important factor for safeguarding world peace and stability as well.

Liu Huaqing stated: Sino-U.S. relations have encountered some difficulties over the past few years. We appreciate the wishes expressed recently by the U.S. for improving relations between the two countries and their armed forces. China adopts a positive attitude toward improving relations between the two countries and their armed forces. He hoped both nations will make joint efforts toward this end.

According to officials of the Ministry of National Defense, Freeman called U.S.-China relations very important. He said: Only through dialogue can problems be solved. The U.S. is ready to resume the dialogue and maintain good relations between the armed forces of the two countries.

General Chi Haotian, state councillor and minister of national defense, met with Freeman and his party this morning. Lt. Gen. Xu Huizi, deputy chief of General Staff of the Chinese People's Liberation Army, also participated in the meeting.

Freeman and his party arrived in Beijing on 31 October on a three-day official visit to China. Xu Huizi, deputy chief of the General Staff, yesterday held talks with him during which they had an extensively exchange of views [guang fan jiao huan liao yi jian 1639 3131 0074 2255 0055 1942 6015] on relations between the armed forces

of the two countries and other issues of common concern. Liu Huaqiu, vice foreign minister, and Lt. Gen. Huai Guomo, vice chairman of the State Commission of Science, Technology, and Industry for National Defense, met separately with Freeman and his party yesterday.

Daily on U.S. 'Double Standards' on Prison Exports

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["Focus" column by Lu Shi (6424 4258): "Look at the U.S. Double Standards"]

[Text] In recent years, the U.S. Government often took the export of prison products as a human rights issue, attacking China again and again on this issue. It even repeatedly threatened to rescind China's most favored nation [MFN] trade status.

Here, I need not mention that MFN status is not any favor bestowed by the U.S. Government, nor will I mention that other countries in the world are not committed to accepting the U.S. interpretation of human rights. I simply want to discuss the issue of prison products. In October 1991, China promulgated a rule, banning the export of any product made by convicts undergoing reform-through-labor. In August 1992, China and the United States signed a memorandum of understanding on trade in prison products. As everyone knows, the Chinese people "are always true in word and resolute in deed." Not long ago, in the course of the Yinhe incident, which was sensationalized by some people for a time, the Chinese people were proved to be telling the truth when they said that nothing for making chemical weapons was on board. However, some people do not match their words to their deeds; they pursue double standards in international affairs. Who are they? Please look at the following facts:

A recent issue of the Hong Kong-based magazine WINDOW carried a signed article entitled "Prison Labor: America's Secret Export Industry." The article quoted a letter issued by the labor correction institution [lao gai bu men 0525 2395 6752 7024] in California on marketing prison products, saying that "for more information about the export of the Prison Industry Authority's products, please write letters this authority. We are making efforts to expand our export business and seek export agents to market our products." Together with the letter was a several-hundred-page catalog of products, including jeans, leather shoes, sneakers, underwear, furniture, and office appliances. The article pointed out that there are more than 20 prison factories in California. According to the materials published by U.S. law professor William Brown, at least 21 states in the United States are expanding the prison industry, and they make at least 65,000 U.S. prison inmates produce goods for the government. The inmates earn only \$0.20 to \$0.90 per hour. The "human rights guardians" certainly are unwilling to utter a single word about these facts.

A reader's letter published by THE NEW YORK TIMES on 9 August pointed out: "The United States and most other judicial institutions are widely using prison labor. Products made by prison labor continuously enter the commercial channels of this and other countries. In every criminal correction program, productive work is affirmed and encouraged as a key factor. It is simplistic and unreasonable to condemn China for exporting prison-made products without pointing out the similar problems actually existing with us." This reader, called Jim Bond, also wrote: "We must note that prison labor should not be taken as an excuse for setting punitive protective economic barriers against China."

In Wisconsin, a Republican congressman also said at a hearing not long ago: "In a disgusting, and often ridiculous way we like to tell other people how to live and manage everyday life, while our own society is disintegrating, therefore our leadership is disintegrating, as well." He added: "China is rather important in terms of maintaining world peace and expanding international trade, so I want to know how the government's attitude toward forced labor will suit our greater and more important issues with China. If the government begins to concentrate on solving our domestic problems, we will see that Americans are requiring us to exercise more forced labor in our own prisons."

President Clinton Discusses NAFTA Support

OW0111212093 Beijing XINHUA in English 2108
GMT 1 Nov 93

[Text] Washington, November 1 (XINHUA)—U.S. President Bill Clinton predicted here today that the proposed North America Free Trade Agreement (NAFTA) will win a secret ballot in Congress.

"I think if there were a secret vote in the Congress today, we would win," the President said at a town hall meeting sponsored by the U.S. Chamber of Commerce.

NAFTA, expected to eliminate all trade barriers within 15 years among the U.S., Canada and Mexico, faces House votes on November 17. A large number of Congress Democrats are still opposed to the treaty.

"That's a big issue, winning the secret ballot," Clinton said, adding the "enormous" pressures against NAFTA reflected "the accumulated frustrations and grievances and insecurities".

The President predicted that the forthcoming vote on NAFTA is going to be "a pretty close vote", saying that "I honestly believe it will pass".

"I think it will pass for the same reason the budget passed," he said, referring to his deficit reduction package passing Congress by one vote. "That's what I think will happen with NAFTA."

However, he stressed, "in order to win by a vote or two, you have to be close. If the members of the Congress who

are under so much pressure, they might run away from it in great numbers." [sentence as received]

Southeast Asia & Pacific

Tian Jiyun Receives Australian Parliamentarians

OW0111121793 Beijing XINHUA in English 1103
GMT 1 Nov 93

[Text] Beijing, November 1 (XINHUA)—Vice-Chairman Tian Jiyun of the Standing Committee of China's National People's Congress (NPC) met with a delegation of the Australia-China Friendship Association under the Australian parliament here today.

Pointing to the potentials for the expansion of relations of the Sino-Australian economic cooperation and trade, Tian told the visitors that such ties hold broad prospects for growth so long as the two sides work to open up new areas for cooperation.

Tian also expressed the conviction that the visit of the delegation will help deepen mutual understanding and friendship between the two law-making bodies and peoples in China and Australia and promote economic cooperation and trade between the two countries.

Delegation leader Benjamin Humphreys said that Australia attaches importance to its ties with China and wants to expand cooperation with China in various fields.

Later today the delegation had a discussion with Cao Zhi, secretary general of the NPC Standing Committee and chairman of the China-Australia friendship group under the NPC, on increasing exchanges between the Australian parliament and the Chinese NPC.

Singapore Trade Minister Visits Qingdao

SK0211093493 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 1 Nov 93

[Text] The 18-member Singapore Government delegation headed by Suppiah Dhanabalan, Singapore minister of trade and industry, was accompanied by provincial and city leading personnel, including Vice Governor Song Fatang, on fact-finding and visiting tours in Qingdao since 31 October.

On 31 October, the Singapore Government delegation toured famous scenic places, including Xiaoyushan Park, and visited a Catholic church. They looked into the city's tourist industry resources and visited the Qingdao Port Office, the Qingdao Economic and Technical Development Zone, the Qianwangang Wharf, and the Qingdao Bonded Zone by riding the Haiying luxury boat. Qingdao's harbor construction and development in its development zones made a deep impression on Mr. Dhanabalan.

On the morning of 31 October, Yu Zhengsheng, mayor of Qingdao city, received Dhanabalan and his entourage.

During the reception, he briefed the Singapore guests in detail on the city's basic situation and development plans in tourism, industries, and foreign investments. He also answered some questions on investment and cooperation, which Mr. Dhanbalan was very interested in.

Following the reception, the Singapore delegation visited the state-run tourist and recuperation zone in Qingdao, the high science and technology park, and the second brewery under the Qingdao Beer Share-Holding Company.

During their stay in Qingdao, the 16-member business group accompanying the Singapore Government delegation, which includes firms' personnel, trade union's personnel, and entrepreneurs, held extensive business and trade talks with enterprise circles of the city.

On the afternoon of 1 November, the Singapore Government delegation accompanied by Vice Governor Song Fatang arrived in Jinan by plane.

Thailand Seeks Satellite Technology From China

*OW0311042293 Beijing XINHUA in English 0335
GMT 3 Nov 93*

[Text] Bangkok, November 3 (XINHUA)—Thai Transport and Communications Ministry's Space Development Agency is to push for the establishment of a center offering education in satellite technology by seeking the help of China.

Agency Director Khanet Chamarakkun was quoted by local newspaper "BANGKOK POST" as saying that the proposal seeking the assistance of China was expected to be raised next month at the eighth Sino-Thai cooperation meeting in Beijing.

He said the center was planned for Nonthaburi Province, middle Thailand, offering courses in satellite communications technology and other subjects such as meteorology and aviation.

The plan is to upgrade the center over the next five to ten years into a research and training facility to produce Thai satellite experts.

China, meanwhile, has agreed to transfer satellite technology to Thai staff involved in the project to launch two small satellites which will monitor the weather and assist in scientific experiments, the paper quoted a source as saying.

Cambodia's Ranariddh, Sihanouk on New Cabinet

*OW0211125193 Beijing XINHUA in English 1238
GMT 2 Nov 93*

[Text] Phnom Penh, November 2 (XINHUA)—Cambodian First Prime Minister Norodom Ranariddh announced here today that King Norodom Sihanouk had approved the line-up of his new cabinet.

The prime minister, who has just returned from Beijing with other government leaders, including Second Prime Minister Hun Sen, said that the government will now start working following the king's endorsement of the names.

Cambodia's new 18-member cabinet was formed on October 29 and approved by the National Assembly the same day.

It includes First Prime Minister Norodom Ranariddh, Second Prime Minister Hun Sen, First Deputy Prime Minister Prince Norodom Sirivudh, who is concurrently minister of foreign affairs and minister of international cooperation, and Second Deputy Prime Minister Sar Kheng, who is one of the co-ministers of interior affairs.

Political & Social

CPC Central Committee Holds Meeting on Deng Work

OW0211181793 Beijing XINHUA Domestic Service in Chinese 1206 GMT 2 Nov 93

[By RENMIN RIBAO reporter Yang Zhenwu (2799 2182 2976), Central People's Broadcasting Station reporter Liu Zhenying (0491 2182 5391), and XINHUA reporter He Ping (0149 1627)]

[Text] Beijing, 2 Oct (XINHUA)—The CPC Central Committee held a report meeting at the Great Hall of the People this afternoon to study Volume 3 of the *Selected Works of Deng Xiaoping*. Jiang Zemin, general secretary of the CPC Central Committee, delivered an important speech at the meeting. He said: The CPC Central Committee urges all party members to conscientiously study the new volume of the *Selected Works of Deng Xiaoping* in light of the new situation of reform, opening up, and the modernization drive; to carry out the tasks of arming the whole party with the theory of building socialism with Chinese characteristics spelled out by the 14th national congress of the party; further strengthen party building; and fully display the party's nucleus role in leading China's socialist modernization drive.

Attending the meeting were Standing Committee members of the CPC Central Committee Political Bureau including Li Peng, Qiao Shi, Li Ruihuan, Zhu Rongji, Liu Huaqing, and Hu Jintao and Vice President Rong Yiren.

Li Peng presided over the meeting. He said: The report meeting held today by the CPC Central Committee to study Volume 3 of the *Selected Works of Deng Xiaoping* seeks to mobilize all comrades of the party to conscientiously study Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics; further unify their thinking; foster their faith; and carry out the basic line of the party in an active, comprehensive, and correct manner so as to accelerate the pace of the reform, opening up, and modernization.

At the meeting, Hu Jintao read the "Decision of the CPC Central Committee on Studying Volume 3 of the *Selected Works of Deng Xiaoping*." The decision of the CPC Central Committee points out that publication of Volume 3 of the *Selected Works of Deng Xiaoping* is a matter of vital importance in the political life of the party and state. All party comrades should pay great attention to it and conscientiously study it. The decision said: The whole party, the whole Army, and the people of all nationalities across the country should adhere, under the leadership of the CPC Central Committee with Comrade Jiang Zemin as its core, to the basic principles of building socialism with Chinese characteristics and following the party's basic line without wavering for next 100 years. We should be united as one; work in a

down-to-earth manner; and strive to build China as a rich, strong, democratic, and civilized modern socialist state.

Jiang Zemin stressed in his speech: Party organizations at all levels should, in accordance with the central authorities' requirement, organize the vast number of party members and cadres, particularly leading cadres at or above the county level, to earnestly implement the decision and take good charge of this important matter.

Jiang Zemin pointed out: The 14th national party congress put forward the strategic task of arming the entire party with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. This is a serious need for urging on the great practice of reform, opening up to the outside world, and socialist modernization; a major measure to strengthen and improve party building under the current period; as well as a fundamental guarantee for never wavering in following the party's basic line for 100 years. The publication of Volume 3 of the *Selected Works of Deng Xiaoping* has provided us with the best textbook and most powerful weapon for further arming the entire party with the theory of building socialism with Chinese characteristics; educating cadres and the people; seeking unity of thinking; firming up belief; and enthusiastically, comprehensively, and correctly implementing the party's basic line.

Jiang Zemin said: Two volumes of the *Selected Works of Comrade Deng Xiaoping* were published in previous years. The third volume published this time contains Comrade Deng Xiaoping's major works from 1982 through 1992. The new volume of the *Selected Works of Deng Xiaoping* is the theoretical summary of Comrade Deng Xiaoping's rich experience in leading our efforts to advance reform, opening up to the outside world, and modernization during the 10 year period, as well as a scientific guide to us on the road of continued, victorious advance. These three volumes of the *Selected Works of Deng Xiaoping* constitute a whole. The third volume published this time and the second volume published a decade ago form a collection of Comrade Deng Xiaoping's most important works with the highest originality during the process of shaping and developing the theory of building socialism with Chinese characteristics. They have rich, extensive, and conversant contents brimming with the distinct spirit of the times as well as the nation and glitter with the splendid glory of the truth of Marxism.

Jiang Zemin pointed out that maturity in thinking about theory is an important mark of the maturity of the party. The greatest harvest of theory reaped by our party in the past 15 years since the implementation of the reform and opening up policy is the founding of the theory of building socialism with Chinese characteristics during the second historical leap forward, that is, integrating the fundamental tenets of Marxism with the actual conditions in China. It is an extremely precious spiritual wealth acquired by our party at huge costs, a scientific summing-up for our party and people to use in carrying

out new historical creations, a great banner for us in promoting the socialist cause, and a powerful spiritual pillar for us in regenerating and developing our nation. In present day China, only with that banner and spiritual pillar can a large party boasting 50 million members have stronger combat capabilities and can a big country with a population of 1.1 billion have more cohesive power.

Jiang Zemin stressed: "Emancipating the mind and seeking truth from facts" as repeatedly stressed by Comrade Deng Xiaoping is the essence of all the viewpoints that run through the theory of building socialism with Chinese characteristics. All party comrades must adhere to the ideological line of emancipating the mind and seeking truth from facts at all times. Comrade Deng Xiaoping's works provide shining examples for us to adhere to this ideological line. While studying the new volume of the *Selected Works of Deng Xiaoping*, we must have a thorough understanding of this essence and firmly grasp the substance.

Jiang Zemin said: One theme repeatedly stressed in Volume 3 of the *Selected Works of Deng Xiaoping* is that only socialism can save and develop China, and that the socialism we adhere to is one with Chinese characteristics. Summing up historical experiences, we can see that when we adhere to socialism, first of all, we must have a clear understanding of the basic theoretical question of what is socialism, and how to build it. When we study the new volume of the *Selected Works of Deng Xiaoping*, we must pay close attention to this basic theoretical question which is of primary importance, improve our understanding of the basic line stressing "one central task and two basic points," and unswervingly take our own road.

Jiang Zemin pointed out: The theory of building socialism with Chinese characteristics is a scientific theory unifying socialism with patriotism. And, patriotism and socialism are a great spiritual force for uniting the Chinese nation and driving China forward. We should pass on this spiritual force to the generations to come. We should, at all times, safeguard our national independence, not believe in heresy, and not be afraid of pressures and threats; we should work unyieldingly to rejuvenate our great nation. As long as the Chinese flag stands, one-fifth of the world's population is upholding socialism. We are full of confidence in the future of socialism.

Jiang Zemin pointed out: From Volume 3 of the *Selected Works of Deng Xiaoping*, we all the more deeply realize that Comrade Deng Xiaoping is the chief designer of China's socialist reform, opening up, and modernization, as well as the creator of the theory of building socialism with Chinese characteristics—the Marxism of contemporary China. We can all the more clearly see Comrade Deng Xiaoping's distinctive revolutionary style tempered amid his long-time revolutionary practice. All party comrades, especially leading cadres,

should earnestly study and forcefully promote this revolutionary style to enable our party to forever maintain high combat effectiveness and energetic creativity.

Jiang Zemin said: Studying Volume 3 of the *Selected Works of Deng Xiaoping* and gaining an in-depth understanding and comprehension of the basic experience accumulated in opening up brand-new undertakings by the second-generation central leading body with Comrade Deng Xiaoping as its nucleus, of the basic theories established by the leading body, and of the basic line formed by the leading body will definitely enable all comrades of our party to gain greater confidence, to better accomplish the tasks of the 1990's, and to victoriously march toward the 21st century. By studying the book, we should further unify our thinking and greatly enhance our self-consciousness, firmness, and creativity in adhering to the party's basic theory and line.

Jiang Zemin stressed: The whole party must earnestly study well Volume 3 of the *Selected Works of Deng Xiaoping*, view the overall situation following the party's basic theory and line, and handle in a better manner the relationship between the party's specific policies and work and the party's general line and policy. In our thinking and work, we must firmly bear in mind the party's basic line.

In conclusion, Jiang Zemin said: Under the great banner of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, let us adhere to the party's basic line, unite together, work in a down-to-earth manner, work hard to build new undertakings, and march forward undauntedly!

Other leading comrades attending the report meeting included Ding Guangen, Tian Jiyun, Li Lanqing, Li Tieying, Yang Baibing, Zou Jiahua, Chen Xitong, Qian Qichen, Wei Jianxing, Wen Jiabao, Wang Hanbin, Yang Shangkun, Song Ping, Bo Yibo, Song Renqiong, Zhang Zhen, Ren Jianxin, Ni Zhifu, Chen Muhua, Sun Qimeng, Lei Jieqiong, Qin Jiwei, Li Ximing, Wang Bingqian, Wang Guangying, Cheng Siyuan, Buhe, Li Peiyao, Wu Jieping, Chi Haotian, Song Jian, Li Guixian, Chen Junsheng, Luo Gan, Zhang Siqing, Wu Xueqian, Yang Ruidai, Wang Zhaoguo, Ngapoi Ngawang Jigme, Seypidin Aze, Zhao Puchu, Qian Weichang, and Qian Zhengying.

Also attending the meeting were major responsible comrades of various party, government, and military departments in Beijing, as well as major responsible comrades of all provinces, autonomous regions, and municipalities.

Jiang Zemin Speech

OW0311071893 Beijing XINHUA Domestic Service in Chinese 0513 GMT 3 Nov 93

[Speech by CPC General Secretary Jiang Zemin at a CPC Central Committee report meeting on studying Volume

3 of the *Selected Works of Deng Xiaoping* held on 2 November in the Great Hall of the People in Beijing]

[Text] Beijing, 2 Nov (XINHUA)—Comrades:

Volume 3 of the *Selected Works of Deng Xiaoping*, which the whole party, the whole Army, and people of all nationalities have been looking forward to for a long time, has been published and its nationwide distribution has also started. This is a big event in the political life of our party and state. In addition to specially making the "Decision on Studying Volume 3 of the *Selected Works of Deng Xiaoping*" and sponsoring theoretical study classes for principal provincial leading cadres, the Central Committee has again organized this report meeting today. Party organizations at all levels must follow the Central Committee's demand and organize the vast number of party members and cadres, especially county-level and higher ranking leading cadres, to make this important project a success in accordance with the requirements in the decision.

The 14th national party congress put forth the strategic task of arming the whole party with Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics. This is a pressing need for pushing forward the great project of reform, opening up, and socialist modernization; an important measure for building a stronger and better party during the new period; and the basic requirement guaranteeing that the party's basic line will be upheld for 100 years without wavering. Party members nationwide are now enthusiastically engaged in implementing the guidelines set forth by the 14th party congress, and in studying and acting on the theory on building socialism with Chinese characteristics; reforms in all fields focusing on building a socialist market economic system are deepening; and modernization programs are proceeding quickly, soundly, and healthily. On the whole, the situation in the country is good. On our way ahead, however, new problems and contradictions keep appearing. Under such circumstances, comrades throughout the party have come to deeply realize the extreme importance and urgency of studying and grasping the theory of building socialism with Chinese characteristics, only more so than any time in the past. The publication of Volume 3 of the *Selected Works of Deng Xiaoping* has given us the best teaching material and the most powerful weapon for arming the whole party and educating cadres and the people with the theory of building socialism with Chinese characteristics so that we can unify our thinking and reaffirm our conviction so that we can actively, fully, and correctly implement the party's basic line. Two volumes of selected works of Comrade Deng Xiaoping have been published in recent years. Volume 1, or the 1938-65 volume, contains Comrade Xiaoping's works of the period of our party's first-generation collective. Volume 2, or the 1975-82 volume, primarily contains Comrade Deng Xiaoping's work from the time shortly before the Third Plenary Session of the 11th CPC Central Committee up to the time before the 12th national party congress. Those are mainly the works for the party to

restore order in its guiding thought and begin the initial stage of reform and opening up. The just published Volume 3 contains Comrade Deng Xiaoping's major works of the 1982-92 period. While a big part of the works are published for the first time, many previously published works have also been replenished on the basis of the records at that time. The decade that began in 1982 was one in which our party guided people of all nationalities in the country to embark on creating a new period marked by reform, opening up, and modernization in all fields; it was a decade in which we kept exploring and accumulating experience on our way to building socialism with Chinese characteristics; and it was also a decade in which our country went through storms at home and cataclysmic changes in the world. The new *Selected Works of Deng Xiaoping* volume is a theoretical summation of Comrade Deng Xiaoping's rich experiences in leading us to proceed with reform, opening up, and socialist modernization. It is also a scientific guide leading us to continue to proceed victoriously. The three volumes of *Selected Works of Deng Xiaoping* are an integral whole. Volume 3 and Volume 2, published 10 years ago, have collected the most important and most creative works of Comrade Deng Xiaoping during the course of shaping and developing the theory of building socialism with Chinese characteristics. It establishes its footing on the brand new practices of the party and the people, and its shining value has already been proven, and will continue to be proven, by our practice. Its rich and profound contents are imbued with the vivid spirit of the times and of the nation, and they radiate the brilliance of Marxist truth.

The maturity of theoretical thinking is an important sign of the maturity of the party. In the past 15 years since the start of reform and opening up, founding the theory of building socialism with Chinese Characteristics is the most important achievement our party has made theoretically during the second historical leap of integrating the principles of Marxism with the reality of China. For the first time, this theory initially and relatively systematically answers a series of questions on how to build socialism and how to consolidate and develop socialism in economically and culturally backward China, and it has inherited, enriched, and developed Mao Zedong Thought with new ideas and new viewpoints; it is the latest result of integrating Marxism with the reality of China and the Marxism of contemporary China. Comrade Mao Zedong pointed out: "The doctrine is like a flag." As soon as the CPC was founded, it solemnly put Marxism-Leninism on its flag. After the rectification movement in Yanan and the seventh party congress, our party again solemnly put the thought of integrating Marxism-Leninism with the practice of the Chinese Revolution—Mao Zedong Thought—on its flag. Since the Third Plenary Session of the party's 11th Central Committee—through the 12th and 13th party congresses to the 14th party congress, our party again solemnly put Deng Xiaoping's theory of building socialism with Chinese Characteristics on its flag. This is the extremely precious spiritual wealth our party has gained after

paying a huge price, and it is a scientific summarization of new historic creation by our party and people, a great banner for the development of our socialist cause, and a strong spiritual pillar for the revitalization and development of our nation. In present-day China, with this banner and this spiritual pillar, the big party with a membership of 50 million will have ever stronger fighting capability, and the big country with a population of 1.1 billion will have an ever more powerful rallying force. It is precisely because we have held high this banner over the past 15 years and relied on this spiritual pillar that our party and country have been able to surmount difficulties, to overcome interference, to steadily march on the correct path of socialist modernization, and to score great achievements attracting worldwide attention. Historical and practical experiences repeatedly show that upholding Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics is to faithfully uphold and develop Marxism-Leninism-Mao Zedong Thought. As long as we work hard according to the direction and course and according to the "three-step" development strategy as set forth in the theory until reaching the level of a medium-developed country by the middle of the next century, a prosperous, strong, democratic, and civilized modern socialist China will certainly stand lofty and firm in the East of the world.

Comrades! "Emancipating our minds and seeking truth from facts," which Comrade Deng Xiaoping has repeatedly emphasized, is the essence of all viewpoints relating to the theory of building socialism with Chinese characteristics. Since the Third Plenary Session of the 11th CPC Central Committee, we have launched a brand new undertaking of reform, opening up, and socialist construction, which was never tried by our forefathers nor in other countries. In the course of pioneering the brand new undertaking, we can only take the basic tenets of Marxism as our guide; proceed in everything from the national condition; and study, explore, and seek improvement in the course of practice. Practice is the sole criterion for verifying truth, the sole criterion for verifying the correctness of our theory, line, principles, and policies. We must verify and develop truth in the course of practice—jettisoning the dogmatic bookish understanding of certain Marxist principles, the unscientific or even distorted understanding of socialism, and the incorrect ideology that skips the initial stage of socialism; resolutely opposing the erroneous view of basically negating Marxism; and persisting in using the dialectic and historic materialist outlook on the world and methodology to analyze and solve problems. Emancipating our minds and seeking truth from facts should be unified as one. Only when we emancipate our minds can we seek truth from facts, and only when we seek truth from facts can we really emancipate our minds. We must continually raise our understanding along with the advance of history, with the development of our times, and with the deepening of practice. All comrades of the party must, under all circumstances, adhere to the ideological line of emancipating the mind and seeking truth

from facts. Comrade Deng Xiaoping's works are a brilliant example of adhering to this ideological line. In studying the new volume of the *Selected Works of Deng Xiaoping*, we must firmly grasp this essence.

One of the themes repeatedly emphasized in Volume 3 of the *Selected Works of Deng Xiaoping* is that only socialism can save China, only socialism can develop China, and the socialism we uphold is socialism with Chinese characteristics. Looking back at history in retrospect, we can understand that in upholding socialism, it is necessary to first clarify the basic theoretical question of what is socialism and how to build socialism. In the final analysis, setbacks and errors in building socialism in China before the reform and opening up, as well as hesitations and perplexities in the course of advance since the introduction of reform and opening were all caused by the failure to thoroughly clarify this question. By firmly grasping this most important basic theoretical question, the new volume of the *Selected Works of Deng Xiaoping* has summarized both positive and negative experiences and lessons and has eliminated a series of erroneous views, pointing out that poverty has no place in socialism and that extremely slow development has no place in socialism; egalitarianism is not socialism and polarization is not socialism; ossification and closure cannot develop socialism and mechanical copying of foreign experiences cannot develop socialism; without democracy and the legal system, there is no socialism; and without attaching importance to both material and spiritual civilization, socialism cannot succeed. Considering the characteristics of the times and the level of China's socialist development, and the aim of the CPC and its objectives of administering the country, as well as the challenges and opportunities facing China in the world, Comrade Deng Xiaoping comprehensively, systematically, and profoundly analyzed the fundamental tasks, strategic targets, strategic steps, strategic plans, and strategic priorities of the initial stage of socialism in China and proceeded to scientifically expound that "the real nature of socialism is to liberate and develop productive forces, eliminate exploitation, do away with bipolarization, and achieve common prosperity in the long run." We have stressed that we must keep focusing on economic construction, that we must seize the opportunity to develop ourselves, and that development is the last word. We have stressed that reform is another revolution, and we have proposed that, on the basis of making public ownership and remuneration according to work as the mainstay and complementing it with other economic ingredients and other forms of distribution, we should establish a socialist market economic system, and liberate and develop productive forces. We have stressed that we must uphold the four cardinal principles and oppose bourgeois liberalization. We have stressed that we must be firm in proceeding with both socialist material and spiritual construction; that we must intensify ideological and political work to cultivate ethical and educated people with lofty ideals and a high sense of discipline; and that we must crack down on all forms of crime and fight corruption

throughout the process of reform and opening up. All these measures are meant for fully demonstrating the real nature and superiority of socialism, and for building a socialist society full of vitality. This is the theoretical issue of utmost importance that we must firmly adhere to when we study the new volume of *Selected Works of Deng Xiaoping* so that we can increase our understanding of the basic line, characterized by "one center, two basic points," and firmly proceed along our own course.

The theory of building socialism with Chinese characteristics is a scientific theory which unifies socialism and patriotism. Comrade Deng Xiaoping has time and again asked in Volume 3 of *Selected Works of Deng Xiaoping* how China, despite being a poor country, has become one of the many poles [ji 2817] in the world? That is because China is a big, independent country. And why is it that China is an independent country? That is because we insist on proceeding from our actual needs and build socialism with Chinese characteristics. Comrade Deng Xiaoping has stressed that China must open up to the outside world and must not isolate itself and turn itself into an enclosed country. He has also stressed that China must insist on relying on itself and taking the initiative in its own hands, and it must always place its sovereignty and security in first place. Confronting a changeable world, Comrade Deng Xiaoping has scientifically analyzed its situation and instructed us to remain calm and assume the fundamental foothold, namely pooling our resources together so that we can properly manage our own affairs, develop our economy, and improve the people's livelihood steadily. These are responsibilities we must fulfill for our nation, as well as for the whole world, and the entire mankind. We will firmly uphold socialism and safeguard world peace. China will never seek hegemony or expansion, and China is opposed to all forms of power politics and hegemonism. Comrade Deng Xiaoping has pointed out: "No foreign countries need expect China to become their dependent, or expect China will swallow the bitter fruit which impairs China's interests." When we study the new volume of *Selected Works of Deng Xiaoping*, we must firmly grasp this patriotic spirit which Comrade Deng Xiaoping has repeatedly underscored, thoroughly understand his important expositions on national self-respect, national confidence, and national pride; his important expositions on safeguarding national rights and national character; his important expositions on educating youth and people on Chinese history; and his important expositions that the Chinese nation must develop on the basis of socialism and must make greater contributions to mankind. Patriotism and socialism are great spiritual forces that can rally the Chinese nation and give impetus to China's development. We must hand down this spirit from one generation to another. We must safeguard China's independence at all times. Instead of being taken in by fallacies, yielding to pressure, or fearing threat, we will work indomitably to revitalize our great nation. As long as China's national flag does not fall down, one-fifth

of the world's population will uphold socialism. We are fully confident in the future of socialism.

Comrades! Volume 3 of the *Selected Works of Deng Xiaoping* makes us realize even more profoundly that Comrade Deng Xiaoping is the chief architect of our country's socialist reform, opening up, and modernization [formulation as received] and the creator of the theory on building socialism with Chinese characteristics, which is the Marxism of contemporary China. As the core of our party's second-generation collective leadership during the new historical period of reform, opening up, and socialist modernization, his most outstanding contribution is that he not only has led our party and country in extricating themselves from the great calamity caused by the "Great Cultural Revolution," but also has, with his profound knowledge of contemporary China and the world, drawn a brand new, realistic, and splendid blueprint for our party and country to march ahead of the trends of the times again and for the Chinese nation to stand independently with a greater strength among the world's nations. He considers China's needs while keeping the whole world in view. He looks squarely at the present national conditions while thinking of the future. During the course of studying new circumstances and solving new problems, he has taken a broad and long-term view and conceived and designed a complete development strategy of socialism with Chinese characteristics. During the course of leading the Chinese people in the great undertaking of reform, opening up, and socialist modernization, he has made an arduous and persevering theoretical exploration and made Marxist theories enter a new realm and reach a new height in contemporary China.

Volume 3 of the *Selected Works of Deng Xiaoping* makes us realize even more profoundly that Comrade Deng Xiaoping's distinctive revolutionary style has been tempered by his longtime revolutionary practice. He respects practice, has a keen mind, and knows how to sense the direction in which things are moving and how to seize upon favorable opportunities whenever they present themselves. He inherits things from predecessors while breaking with outmoded conventions. He does not indiscriminately copy the formula of other countries while drawing on the experience of the world. He always considers China's realities and the characteristics of development of the contemporary world when summing up new experience, creating new methods, and seeking new ways. Respecting the masses and cherishing the people, he always shows concern about the interests and aspirations of most people. During the entire process of making any principle or policy, he always considers the questions of "whether or not the people support it," "whether or not the people approve of it," "whether or not the people are pleased," and "whether or not the people agree with it." Strong-willed and resolute in action, he always calls on the whole party to "try and boldly pioneer something once we are certain of its success" and "persist in what is correct, immediately correct what is wrong, and promptly solve any new

problems." When he makes an important policy at a crucial moment, he shows even more extraordinary resourcefulness and courage. He displays a simple style of writing and makes no empty talk. His concise exposition always has a profound ideological content. He is farsighted and broad-minded. He knows how to observe and handle problems with an overall point of view. He always asks high-ranking party cadres to take the interests of the whole into account when doing anything. All party comrades, especially leading cadres, should earnestly study and forcefully carry forward this revolutionary style to enable our party to forever maintain high combat effectiveness and energetic creativity.

Comrades! Studying Volume 3 of the *Selected Works of Deng Xiaoping* and gaining an in-depth understanding and comprehension of the basic experience accumulated, the basic theories established, and the basic line formulated during the course of pioneering brand-new undertakings by the second-generation central collective leadership with Comrade Deng Xiaoping as its nucleus will definitely enable all comrades of our party to be even more full of confidence, to better accomplish the tasks of the nineties, and to march triumphantly toward the 21st century. The last two sentences in Volume III of the "Selected Works of Deng Xiaoping" are "We should quietly immerse ourselves in hard work from now to the middle of the next century, which will be a very important period. We have a heavy responsibility on our shoulders!" These words of Comrade Deng Xiaoping's are sincere and earnest, urging people to forge ahead, and they embody the ardent expectations and earnest exhortation of the revolutionaries of the older generation for the younger generation. To take on such a heavy historic responsibility, it is necessary to improve the theoretical knowledge of the leading cadres at all levels and to enhance our party's ability in holding office and in building and governing the country. The daily changing situation of modernization, reform, and opening up today requires us to study hard science and technology, economics, and management. It requires us even more to devote ourselves to the study of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, study it diligently, apply it in practical use, and master it through study. In a party and country as big as ours, the high-ranking party and state cadres' knowledge; ideological, theoretical, and political level; and ability to govern the party and the country will have a direct bearing on the destiny of the party and on the future of the country. Our party has always attached extreme importance to the study and application of Marxism-Leninism-Mao Zedong Thought. The Central Committee has recently decided to hold successive theoretical study classes for principal provincial- and ministerial-level leading cadres so that the principal responsible comrades of all provinces, autonomous regions, and municipalities; the departments, ministries, and commissions of central and state organs; and major military units will sit together to study seriously and systematically the new volume of the *Selected Works of Deng Xiaoping*. The study classes are precisely designed to arm

in an even better way the high-ranking cadres with the theory on building socialism with Chinese characteristics, and thereby to drive the whole party into an in-depth study. The study must be seriously organized, and the leaders must take the lead in study and must not neglect it merely because of their busy day-to-day work. During the course of study, it is necessary to sum up experience and consider the realities of our region, department, and unit, as well as the realities of our work and our thinking. Through the study, we should further unify our thinking and greatly enhance our self-consciousness, firmness, and creativity in adhering to the party's basic theory and line. If a large number of comrades in our party have systematically and practically, not fragmentarily nor hollowly, understood the theory on building socialism with Chinese characteristics, and can apply the theory in studying and solving important problems, our party's ability in leading the undertaking of reform, opening up, and socialist modernization will be greatly enhanced.

At present, the whole party is implementing a series of important Central Committee policy decisions; deepening reforms in various fields; accelerating the establishment of a socialist market economy; strengthening macroeconomic regulation and control; and promoting a sustained, rapid, and healthy development of the national economy. It is also waging an anticorruption struggle, improving the party style, stepping up the building of a clean and honest government, vigorously making comprehensive efforts to improve public order, and combating crimes to ensure a smooth progress of reform and construction. With such a heavy task, the whole party must earnestly study Volume 3 of the *Selected Works of Deng Xiaoping*, let the party's basic theory and basic line play a dominant role in all work, and handle in a better manner the relationship between the party's specific policies and work and the party's general line and policy. In our thinking and work, we must firmly bear in mind the party's basic line. Under no circumstances should we waver over the party's basic line of "one central task, two basic points" merely because we have encountered some problems or some "left" or right interference during our advance. We must be on the alert for rightist tendencies, but also and mainly for "leftist" tendencies. It is absolutely impermissible to advocate bourgeois liberalization in the name of reform and opening up in an attempt to Westernize China completely. It is also definitely impermissible to describe reform and opening up as import and development of capitalism and to intimidate and confuse people with the political label. Our party and our cause will certainly thrive if we make great efforts to strengthen unity on the basis of the party's basic theory and line.

Comrades! The party Central Committee is calling on the whole party to study hard the new volume of the *Selected Works of Deng Xiaoping* in the new situation of reform, opening up, and socialist modernization; to seriously carry out the task of arming the whole party with the theory on building socialism with Chinese

characteristics, a task proposed by the 14th party national congress; further strengthen party building; and give full play to the party's role as the core of leadership over socialist modernization. Let us adhere to the party's basic line, unite as one, work in a down-to-earth manner, work hard to build new undertakings, and march forward undauntedly under the great banner of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics!

Central Committee Decision on Studying Deng's Work

OW0311105193 Beijing XINHUA Domestic Service in Chinese 0840 GMT 3 Nov 93

[CPC Central Committee's 2 November Decision on Studying Volume 3 of *Selected Works of Deng Xiaoping*]

[Text] Beijing, 3 Nov (XINHUA)—Volume 3 of *Selected Works of Deng Xiaoping* has been published. This is an important event in the political life of the party and the state.

This volume of selected works has collected Comrade Deng Xiaoping's major works of the period from the convening of the 12th national party congress in September 1982 to his inspection tour in southern China in the spring of 1992. This volume, a continuation of Volume 2 (1975 to 1982) published 10 years ago, is a theoretical summation of Comrade Deng Xiaoping's rich experiences in leading us to expedite reform, opening up, and socialist modernization, and it is also a scientific guide leading us to proceed victoriously. The 14th national party congress pointed out that we must arm the whole party with Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics. The publishing of Volume 3 of *Selected Works of Deng Xiaoping* has given us the best teaching material and the most powerful weapon for accomplishing this strategic assignment and for unifying the thinking of the whole party and educating our cadres and people. In view of the situation at home and abroad, earnestly studying Volume 3 of *Selected Works of Deng Xiaoping* is of utmost importance for us to clearly understand the overall situation, reaffirm our conviction, act firmly in upholding the party's basic theory and basic line, and rally the whole party and people of all nationalities in the country to accomplish their work in all fields.

Comrade Deng Xiaoping is the chief architect of China's socialist reform, opening up, and modernization, and the founder of the theory on building socialism with Chinese characteristics, a Marxist theory in contemporary China. When we study Comrade Deng Xiaoping's works, we must associate the study with the current situation and tasks, and firmly seize and thoroughly understand the ideological line of emancipating our minds and seeking truth from facts; the scientific judgement about the real nature of socialism and the basic line characterized by "one center, two basic points"; the strategic task of grasping the opportunity to develop ourselves and

achieving modernization "in three steps"; the basic policy of being firm in carrying out both material and spiritual construction, in proceeding with construction and legislation, and in carrying out reforms and censoring corruption; and his patriotic spirit of safeguarding national independence and sovereignty, fostering national self-respect and self-confidence, and dedicating to revitalizing China. Studying Comrade Deng Xiaoping's strategic thinking and theoretical concepts should be associated with studying his scientific attitude, creative spirit, respect for practice, respect for the masses, broadmindedness, ability to see the whole situation, courage to come up with new ideas, and explorative endeavor.

When we study Volume 3 of *Selected Works of Deng Xiaoping*, we must carry forward the Marxist study style of linking theory with reality, a style our party always advocates. We must make great efforts to seriously study the unabridged works, grasp their spiritual essence, and strive to improve our theoretical proficiency and political level. We should sum up our experiences and lessons we learned from doing our work since adoption of the reform and open policy so as to clear up our misunderstanding and become more aware of the need to act even more firmly in implementing the party's basic theory and basic line. We must strive to improve our ability to study the new situation and solve new problems while proceeding with economic construction, spiritual construction, and party construction, as well as with the current projects of deepening reform, building a socialist market economic system, intensifying macroeconomic regulation and control, and fighting corruption. Comrades in the party must attach great importance to studying the selected works earnestly. Leading cadres must take the lead in properly studying the selected works and applying the guidelines. Every effort should be made to understand the works thoroughly so that our work can be more in line with principles, more systematic, more in line with future needs, and more creative.

For our party's ideological construction and our cadres' theoretical education, we must give top priority to the study of Volume 3 of *Selected Works of Deng Xiaoping*, starting now. Party committees at all levels must earnestly strengthen their leadership over the study. The Central Committee has decided to sponsor theoretical study classes by stages for principal leading cadres of provincial and ministerial levels to study Volume 3 of *Selected Works of Deng Xiaoping*. All provinces, autonomous regions, and municipalities under the central government's direct jurisdiction, and all departments under central party, government, and military departments must make arrangements for the study. We must especially make sure that the central study groups of all party committees will properly study the selected works. We must also have plans for giving rotational training to party member-cadres at and above county (regimental) levels so that we can motivate all party members to study theory and heighten their proficiency in Marxism. In accordance with the guidance in this decision, party

schools, universities, and colleges must intensify and improve their education on Marxist theory. Propaganda and organization departments of all party committees must intensify their leadership, supervision, and inspection; and they must exchange experiences so that the study can continue to deepen.

Under the leadership of the party Central Committee with Comrade Jiang Zemin as the core, the whole party, the whole Army, and people of all nationalities in the country must consider upholding the theory of building socialism with Chinese characteristics as the basic guideline; be firm in upholding the party's basic line for 100 years; unite as one; work earnestly; and strive to achieve the strategic goal—namely modernization—and build China into a prosperous, strong, democratic, civilized, and modern socialist country!

More on Deng Remarks in 'Selected Works' Volume

HK0211141893 Hong Kong AFP in English 1248 GMT 2 Nov 93

[Text] Beijing, Nov 2 (AFP)—Chinese leader Deng Xiaoping was responsible for the 1989 Tiananmen Square crackdown, and he ordered a nationwide purge afterwards, according to a collection of his works released for the first time Tuesday.

In the aftermath of the crackdown, Deng said that it was a perfect chance for the communist party to ban all dissident groups that were set up during the pro-democracy movement, according to the book, a compilation of speeches from 1982 until February of last year.

Crushing the dissident groups would mark a "big victory," Deng said.

The question of who actually ordered the Chinese army to send in tanks and troops to crush the movement has, officially at least, remained a question mark until now.

In September 1989, Deng acknowledged that he was at least partly responsible.

He said his now-disgraced successor, party chief Zhao Ziyang, tried to split the party, and this had led to the military showdown.

"It was a good thing I was there, (so) handling it wasn't difficult. Of course, I wasn't the only person who played a role," Deng said, the book disclosed. [sentence as received]

The book is the third volume in a series, "The Selected Works of Deng Xiaoping, published by the People's Publishing House and "examined and approved" by the 89-year-old paramount leader.

Deng, in his speeches, said that the goal of the crackdown "was to harm the people, especially the students, as little as possible."

The book also maintains that Deng instructed that the ensuing purge be carried out according to the law and said that only those who intended to overthrow the government would be punished.

Deng also said that a civil war would have ensued if the "instigators of the turmoil succeeded," and spoke of a possible invasion of China by foreign forces after the crackdown.

In November 1989, Deng warned that China would use "severe measures" to put down any unrest that cropped up in the future.

Two recurring themes were evident in Deng's speeches after 1989: that China must pursue its open door and reform policies, but that it would never bend to foreign pressure, especially from the United States, even if it meant being isolated.

"Without reform there is no hope," Deng was quoted as saying.

But he also dismissed western concepts of democracy, human rights and freedom as tools of power politics and hegemonism and said that the "state rights were much more important than human rights."

In March 1990, after communism's collapse in Eastern Europe, Deng stressed that the Chinese public would threaten party rule unless the economy grew quickly and living standards were raised, the book said.

It said he even predicted that China would become a world economic power within several years and urged the leadership to experiment more with market reforms.

But it was not until two years later that Deng succeeded in achieving his goal of accelerating market reforms and economic growth, which he called for during a tour of the southern provinces in early 1992.

The length of time it took for Deng to succeed, analysts said, confirmed the stiff resistance he faced from conservatives.

In late 1990, Deng also warned against the possibility of unrest if the gap in wealth in China got too big, according to the book.

Deng said a few rich and many poor was unacceptable.

Deng Urges Accelerated Reform, Development

HK0311045893 Hong Kong LIEN HO PAO in Chinese 3 Nov 93 p 1

[By staff reporter Lo Feng (5012 2800): "Deng Xiaoping's Remarks That Development Is the Last Word Will Become New Guidance for Reform and the Main Theme of the Third Plenary Session"]

[Text] Mainland China is now urging people to seize the opportunity and speed up development. This means

Mainland China is taking Deng Xiaoping's latest instruction—"development is the last word"—as the guideline of action. And this remark by Deng is going to become the keynote for the forthcoming Third Plenary Session of the 14th CPC Central Committee.

The remark "development is the last word" was contained in a speech delivered by Deng Xiaoping some time ago, but was later deleted from it by somebody. Deng recently repeated this remark and asked people to follow it.

At the Spring Festival this year, Deng Xiaoping met in Shanghai with Political Bureau member and Shanghai municipality party committee Secretary Wu Bangguo and Shanghai Mayor Huang Ju. Asserting that it is necessary to seize the opportunity and speed up development, he made the remark "development is the last word." However, this remark was wittingly or unwittingly deleted from the version of the transcript of his speech that was relayed by the authorities concerned afterward.

After that, a view was gaining ground, maintaining that the economy was overheated, and then a massive macroeconomic regulation and control operation was launched. This was followed by the slowing down of economic growth and frustrations of local development.

After the failure of the Olympics bid on 24 September, the CPC was overwhelmed by pessimism, and an anti-foreign mentality, especially the hostile feelings against the West, dominated the party. What is particularly noteworthy is that serious differences of opinion have arisen from setbacks in the macroeconomic regulation and control operation. All these have in fact undermined mainland China's opportunity for further development. It is at this moment that Deng Xiaoping stepped forward again.

In late September, Deng Xiaoping sent a message in his unique manner. He said the reform is China's second revolution, one needs to change one's way of thinking, and development is the last word. He did not say much, but what he said was enough to greatly alert the higher leadership.

In early October, a conference on economic work was held in Guangzhou, attended by representatives from 10 south and southwest provinces and autonomous regions. During the conference Jiang Zemin implicitly conveyed Deng Xiaoping's instruction. He said: "We must seize the opportunity, speed up development, and concentrate our efforts to boost the economy. This is our firm and unshakable guideline." On the same occasion Jiang Zemin also noted: A lower development speed is undesirable. Whoever is capable of speeding up development should do so. We must be brave in practice. Whenever we are sure that a program is workable, we should go ahead boldly.

Jiang Zemin's speech, which signified a change in the keynote, won the applause of the local leaders from the

10 provinces and autonomous regions at the conference, and the atmosphere was quite animated.

After his return to Beijing, Jiang Zemin ordered the team in charge of drafting documents for the Third Plenary Session to revise all documents and reset all related targets with Deng Xiaoping's remark as the guideline.

Recently, a number of reform economists affiliated with some localities concerned began to openly cultivate a climate among the public, criticizing the view which maintains that the economy is overheated, and calling for "speeding up along both lines;" that is, speeding up both reform and development.

Meanwhile, Zhu Rongji, who has been boldly and resolutely pushing the "macroeconomic regulation and control" operation for a while, is faced with some pressure lately. During both the recent trade union congress and meeting of the Standing Committee of the Chinese People's Political Consultative Conference National Committee, Zhu mentioned the issue of macroeconomic regulation and control. He insisted on his view, believing that the macroeconomic regulation and control must be carried on.

Zhu Rongji also expressly pointed out that one must "comprehensively and accurately interpret and implement the guideline embodied in Deng Xiaoping's remark." In private he noted, in a firm but somewhat pessimistic tone, that he would step down if the macroeconomic regulation and control operation failed to stabilize the economy.

There are criticisms against Zhu Rongji in the community. Local officials are complaining that he has tightened up the supply of funds without achieving anything. Economists hold that he has failed to adopt reform measures in good time but relied too much on administrative means, while the public says that macroeconomic regulation and control has done nothing to protect their immediate interests. For instance, inflation is still high but the stock market as a road to fortune remains stagnant.

Lecture Series on Deng Xiaoping Theory Carried

Part One

OW 2610033393

[Editorial Report] Beijing Central Television Program One Network in Mandarin at 0805 GMT on 13 October carries the first in a series of 13 lectures on "Deng Xiaoping's Theory of Building Socialism With Chinese Characteristics."

As audio begins to play the theme music, video opens with a long shot of Deng Xiaoping riding in an open car with the Tiananmen Gate in the background, a close shot of him talking in a microphone, and medium shots of

him visiting a port, talking to an elderly woman in the field, and signing his name under an inscription with a brush.

Lecture one of the series, which is entitled "Formation and Development of Deng Xiaoping's Theory of Building Socialism With Chinese Characteristics," is given by Leng Rong (0397 3310), deputy head of the Deng Xiaoping Studies Group of the Party Literature Research Center under the CPC Central Committee.

The lecturer, who reads from a prepared script, expounds on the formation and development of the theory in the light of the practice in the past 14 years since the Third Plenary Session of the 11th CPC Central Committee. According to him, the formation and development of the theory of socialism with Chinese characteristics can be divided into three stages: In the first stage, which covers from the Third Plenary Session of the 11th CPC Central Committee to the 12th CPC National Congress, the theory begins to take shape after the elimination of chaos and restoration of order in the wake of the Cultural Revolution, and after the introduction of reform in China. The principle of emancipating the mind and seeking truth from facts laid down by Deng Xiaoping during this stage forms the quintessence, as well as the primary and essential component of the theory.

The lecturer continues: In the second stage, from the 12th to the 13th CPC National Congresses, the theory develops and becomes refined along with the progress of reform throughout the country. During this stage, Deng Xiaoping put forward several significant ideas, such as a socialist market economy, an all-directional opening up of the country, the strategy of three-stage development, "One country, two systems," "one center, two basic points," and a series of other principles and policies. At the 13th CPC National Congress in 1987, he formally put forth the theory on the initial stage of socialism. "The political report delivered at the 13th CPC National Congress gave a comprehensive exposition of this theory, drawn up by Comrade Xiaoping from understanding socialism in the light of productive forces."

The lecturer concludes: In the third stage, from the 13th to 14th CPC National Congresses, the theory basically takes shape as the reform is further deepened throughout the country. In the five years between the 13th and 14th National Congresses, major events took place at home and abroad. "Especially the developments in some socialist countries have prompted the Chinese people to ponder over the future destiny of socialism." In his speeches made during his southern China tour in the beginning of 1992, Deng Xiaoping elaborated on the question of planning versus market, pointing out that planning and market should not be the criterion for differentiating socialism from capitalism. In this way, he has strengthened the Chinese people's confidence in building socialism with Chinese characteristics.

The lecture lasts for 25 minutes.

Part Two

OW2710051393

[Editorial Report] Beijing Central Television Program One Network in Mandarin at 0805 GMT on 20 October airs the second in the series of 13 lectures on "Deng Xiaoping's Theory of Building Socialism With Chinese Characteristics."

The 25-minute lecture, which is entitled "Building Socialism With Chinese Characteristics Is the Only Correct Path for Development," is given by Su Xing (5685 2502), vice principal of the CPC Central Committee's party school.

Reading from a prepared script, the lecturer explains the developments in China over the last 14 years to show that the theory of building socialism with Chinese characteristics is correct because it corresponds to the people's interests and needs. He reviews events in the country over the past more than a decade and points out: Since the Third Plenary Session of the 11th CPC Central Committee, the CPC, under guidance of Deng Xiaoping's theory and proceeding from China's realities, has concluded that China is in the initial stage of socialism; has discarded the erroneous left principle of taking class struggle as the key link and shifted the focus of the entire work to economic construction; has introduced a series of economic, political, and other structural reforms in rural and urban areas; has implemented the policy of opening up the country to the outside world; and has adhered to the four cardinal principles as the cornerstone of the nation to guarantee the smooth development of reform, opening up, and modernization construction. Of the four cardinal principles, the CPC's leadership is especially important. Said Deng Xiaoping in 1981: "Without the CPC's leadership, the country will definitely be in a state of confusion and division. History has borne witness to this point."

The lecturer emphasizes that despite mistakes made in the work and difficulties on the road of advance, the current policies will remain unchanged for a long time to come because they have proved correct in practice and have brought about enormous benefit to the Chinese people.

Su Xing concludes the lecture by citing Jiang Zemin's report at the 14th CPC National Congress as saying: "The experiences drawn from practice over the past 14 years can be summed up in one sentence: We must firmly adhere to the party's basic line, guided by the theory of building socialism with Chinese characteristics. This is the best way to ensure that we shall stand the test of the dangers we may face on the way to our goal."

Part Three

OW2910080893

[Editorial Report] Beijing Central Television Program One Network in Mandarin at 0805 GMT on 27 October

airs the third in a series of 13 lectures on "Deng Xiaoping's Theory of Building Socialism With Chinese Characteristics."

The third lecture, entitled "The Initial Stage of Socialism is an Indispensable Stage for Consolidating and Development Socialism in China," is given by Jia Chunfeng (6328 2504 1496), a bureau director-level researcher of the Propaganda Department of the CPC Central Committee.

Stressing the importance of knowing exactly what stage of socialism China is in, the lecture explains the thesis on the initial stage of socialism as the cornerstone of Deng Xiaoping's theory of building socialism with Chinese characteristics, pointing out that the thesis addresses problems in a country with a backward economy and culture like China and sheds light on building, consolidating, and developing the country. The lecture cites the Resolution on the History of the Party Since the Founding of the PRC, the 12th CPC National Congress Report, the Resolution on Building Spiritual Civilization, and the 13th CPC National Congress Report to show that it was Deng Xiaoping's idea to incorporate the thesis into official documents of the CPC.

Touching on the length of the initial stage of socialism, the lecture reviews events in the country since the PRC's founding, and declares that the initial stage of socialism began in the mid-1950's, when socialist transformation of private ownership of production means was basically completed, and will last at least for 100 years after China accomplishes its socialist modernization in the middle of the next century. Therefore, the lecture concludes, "the initial stage of socialism will be a stage in which the Chinese people of all nationalities work assiduously with one heart and one mind under the CPC's leadership in striving for a great rejuvenation of the Chinese nation based on socialism."

Discussing the major contradictions in the initial stage of socialism in China, the lecture singles out discrepancy between the people's growing material and cultural needs on the one hand and the backward production of society on the other as the most salient contradiction in China today. Hence, the CPC has defined the fundamental task in the initial stage of socialism as the development of social productive forces, and economic construction as the focus of the work of the party and government, says the lecture. It adds: The practice of China's reform, opening up, and modernization construction has testified that the thesis on initial stage of socialism is a scientific Marxist thesis based on the realities in China, and it is an inspiring and practical thesis.

Commentator's Article Urges Deepening Reform

HK0311130593 Beijing RENMIN RIBAO in Chinese 2 Nov 93 pp 1, 4

[Commentator's article: "The Basic Way Out Is To Deepen the Reform"]

[Text]

I

Signaled by Comrade Deng Xiaoping's talks during his inspection tour in southern China and the 14th party congress, the reform and opening up in China has entered a new stage. The main task and objective of reform in the new stage is to realize the remodeling of the economic system and to establish a new system of socialist market economy.

In the past year or so, localities and departments have been making efforts to emancipate the mind, inspire enthusiasm in themselves, seize the opportunity, speed up development, and help upgrade the reform, opening up, and economic construction to new heights. The national economy has maintained a momentum of rapid growth. On the basis of 12.8 percent growth last year, the GDP in the first three quarters of this year was up 13.3 percent over the corresponding period of last year. A pattern of all-dimensional and multilevel opening up has taken shape. The volume of foreign capital utilized has increased by a big margin and import and export have enjoyed sustained growth. The market is brisk in both urban and rural areas and the people's living standards have further improved. The overall situation is very good and inspiring.

Alongside the rapid economic development came some new contradictions and problems, such as that the financial sector was in a state of disorder, that investment in fixed assets was too great and too quick with no improvement on the investment mix, that the restriction from such "bottlenecks" as communications and energy was aggravated, and that the price hikes on the market were quite high. In order to regulate the fluctuations in economic life, the CPC Central Committee and the State Council, on the basis of investigation and study as well as listening to opinions from various quarters, adopted a series of measures to strengthen macroregulation and control from June this year. The implementation of these measures in the past four months has shown initial results. First, the momentum of growth of investment in fixed assets has been somewhat curtailed, the growth rate dropping from 70.7 percent in the first half of the year to 61.7 percent in the third quarter. Second, the order in the financial and tax sector has taken a turn for the better. Such phenomena of confusion as unchecked interbank loaning, arbitrary fund-raising, and arbitrary setting up of financial institutions have been ended and residents' bank deposits have been picking up by the month. Third, the order in the production means market, foreign exchange market, real estate market, and development zones has taken a turn for the better. These achievements have created fine conditions for the reform and development in the next stage.

Though the macroregulation and control measures have alleviated the contradictions in economic life, the problems have not been thoroughly solved. This is because of a deep-level cause of such problems in the earlier stage,

namely, that the old economic system was still functioning in economic life, and even doing so to a considerable extent in some fields and departments. This caused many frictions, gaps, and conflicts and caused such old problems as investment overheating and extensive management that were frequently seen under the traditional system to keep reemerging and continue to create new hidden troubles. To solve these problems once and for all so that the economy can develop in a sustained, speedy, and healthy way, it is imperative to start with the system and deepen the reform. This is the only way out.

In his important speech delivered at the economic work forum of 10 provinces and regions in Central-South and Southwest China recently, Comrade Jiang Zemin pointed out: The basic way out in solving the contradictions and problems in current and future economic development is to deepen the reform and speed up the establishment of the system of socialist market economy. The establishment of the new economic system is a grand-scale social systems engineering project. It is necessary to step up the efforts to design an overall framework, start with tackling outstanding contradictions and problems in the current development, strive to make breakthroughs on key points, match and coordinate among different projects, implement plans by stages, and proceed in an orderly and gradual way. We should be brave in practice and boldly go ahead with what has been recognized as the right thing to do.

This is the guideline for our work in the next step. The leading cadres of party and government organizations at various levels should focus their attention on deepening the reform. To seize the opportunity, one should not only seize the opportunity for development, but more importantly also seize the opportunity for reform. Only when reform is well conducted can it be possible to truly seize development opportunities. If one neglects reform and continues to make plans, start projects, and seek development within the old framework using the old approaches and methods, the problems will pile up and eventually even lead to the loss of big opportunities for development.

II

The 15-year reform has brought major changes to China's economic system that are of profound and far-reaching significance. A variety of economic sectors with public ownership as the main body have been flourishing and developing together; the operational mechanisms of state-owned enterprises are being transformed; and the proportion of new systems reflecting market orientation has been continuously expanding. The market mechanism has begun to play an important regulatory role in the field of commodity production and, to varying degrees, in other economic fields. Our economy has been taking an active part in international exchanges; international economic and technological exchange and cooperation have been extensively conducted; and an open-type economic structure has taken

shape. The reforms of the scientific and technological system, education system, and distribution system are also under constant exploration and making continued progress. All this has laid a good foundation for further deepening the reforms.

The objective of the measures for further deepening the reform that are being deliberated at present is to establish a new framework for the system of socialist market economy in our country. It should not only have overall, well-matched design, but also keep a firm hold of the outstanding contradictions and problems in the current reform and development and make major breakthroughs; not only emancipate the mind with courage, reflect the general laws of market economy, and absorb and draw upon successful experiences of other countries, but also seek truth from facts, proceed from our national conditions, sum up our own practice, and reflect the essential features of socialism with Chinese characteristics. The process of deepening reform aimed at the establishment of socialist market economy has the following three major aspects:

First, it is necessary to cultivate and improve the market system and, in particular, promote the formation and improvement of the production elements market. This is an important link in giving play to the role of the market mechanism in the disposition of resources as the foundation. It is necessary to advance the pricing reform, introduce a mechanism whereby prices are set predominantly by the market, and guide the development of the market. It is necessary to continue reforming the existing commodity circulation system, and improve and develop the commodity market network. At present, the development of the production elements market is lagging behind and restricting the formation of the market system. Therefore, the focal point in the cultivation and development of the market system is to speed up the process of orienting such production elements as finance, real estate, labor employment, technology, and information to the market. It is necessary to resolutely break the separation between regions and between departments, oppose monopolies, oppose unfair competition, achieve the close integration of urban and rural markets and the convergence of domestic and international markets, and gradually form a nationwide unified open macromarket. It is necessary to accelerate the pace of economic legislation and learn to use legal means to standardize and protect market order and solve the contradictions and problems in market development. Promulgated laws and ordinances must be rigorously enforced and efforts made to change the phenomena of failure to abide by existing laws or failure to enforce the law strictly enough. This is also a very important issue in cultivating and improving the market.

Second, it is necessary to speed up the reform in the field of macroregulation and control and establish a system of macro, indirect regulation and control that suits the needs of socialist market economy and that primarily employs economic means. This is a big hot spot [da re dian 1129 3583 7820] in the current economic reform.

Though the switchover from the system of direct micro-control by the state to the macro, indirect regulation system cannot work without necessary administrative means, economic means should be fully utilized as the main choice, and using the methods of planned economy to regulate and control the market economy must be avoided. The points of breakthrough in this respect are the reforms of the financial system, the revenue and tax system, and the investment system, aimed at solving some deep-level problems that demand immediate solution in the course of market development.

Establishing a powerful central bank is a very important issue in the reform toward macroregulation and control. It is necessary to let the central bank have not only the authority and responsibility to regulate and control the currency, but also the ability to make correct analyses and judgements on the macroeconomy, so as to maintain the stability of the currency and make a good job of the monitoring and control of financial affairs. It is necessary to separate policy finance from commercial finance in the banking sector, and set up policy banks which take key projects designated by the state as the main objects of investment and service. The existing specialized banks should change to commercial banks which are enterprise-like financial institutions acting in the capacity of legal persons that operate on their own decisions, assume sole responsibility for profits and losses, and bear all risks.

The focal point in deepening the reform of the revenue and tax system is to standardize the distribution relationship between the central treasury and the local treasury and between the government and the enterprise, so as to mobilize the enthusiasm of all parties. The financial responsibility system at both the central and local levels, introduced at the beginning of the reform, played a positive role for a time. But with the deepening of the reform, its defects began to stand out, the most prominent of which was the weakening of the central authorities' power of macroregulation and control, which was disadvantageous to the formation of a nationwide unified market and the optimization of the industrial structure and added to the interregional imbalance. It is necessary to accelerate the shift from the responsibility system to the tax-sharing system and gradually institute separate financial management for different tax categories and different levels, in light of the needs of the socialist market economy in its way ahead.

The main issues to be resolved in the reform of the investment system are to define the subject of investment and its responsibilities according to different investment fields, establish the risk responsibility concerning corporation investment and bank credit step by step, and gradually delimit the scopes of investment of the government and the individual enterprise. In competitive trades and basic industries with high profit rates, enterprises should be the subject of investment and raise funds through market means. The government should, through its policy investment system, undertake the

investment projects in infrastructure and public undertakings that have good social benefits but involve long cost-recovery periods and big risks. The reform in this area is bound up with that of the financial system.

Third, it is necessary to do a good job of the reform of the microfoundation of the socialist market economy, speed up the conversion of the operational mechanisms of large and medium-sized state enterprises, and establish a modern enterprise system. This is an important approach toward the organic integration of public ownership and the market economy. Enterprises are the cells of the national economy. Making a good job of enterprise reform is an important and challenging part of the process of deepening reform. The key to the reform of state enterprises is to clarify the relationship between ownership and operational powers. The state property in an enterprise is owned by the state and the enterprise is an independent corporate entity authorized to dispose of the property. Large and medium-sized enterprises that have adequate conditions can form limited responsibility companies according to law, and a small number of them can form joint-stock limited companies. Some small enterprises and service entities may practice leasing or sell property rights. This is also a beneficial exploration and should be constantly reviewed in practice. In short, it is necessary to liberate the productive forces of large and medium-sized state enterprises through enterprise reform, so that enterprises may enhance their efficiency in market competition and realize the conservation and augmentation of the value of state property.

III

Deepening the economic structural reform and establishing a system of socialist market economy is an extremely complicated, grand systems engineering project. It will not be as easy as: "Going down to Xiangyang, we will come up to Luoyang [from an ancient poem describing the poet's yearning to return to his home after it is recovered from enemy occupation]." History tells us that for every step we take in the reform, we have to overcome difficulties and resistance [kun nan he zu li 0938 7181 0735 7091 0500] from various sources. We will also meet with resistance in deepening the reform in the future.

First, there will be resistance from outdated concepts. Take the reform concerning the property rights of enterprises. Some comrades worry that this will impair the status of public ownership as the main body of the economy. In fact, this worry is unnecessary. The status of public ownership as the main body is in terms of the whole country, that is, public-owned assets make up a predominant portion of the total assets of the society. Differences are allowed for different regions, industries, and enterprises. Furthermore, public ownership has many manifestations. The state controlling capital stock or taking part in shareholding and employing various types of capable people to run enterprises well and realize the conservation and augmentation of the value

of state assets is also a mode of public ownership. This is also in keeping with the "social ownership" and the idea of management of production by society suggested by Marx and Engels. Practice indicates that this mode of management has greater vitality. Practice is the sole criterion of truth. We should be bold in exploring new ways to develop production forces by proceeding from practice. Only this is the Marxist style.

Second, deepening the reform will also run into some problems caused by readjustments of interests. With the introduction of the tax-sharing system, the pattern of interest distribution between the central government and the local government and among localities will experience new changes and some new contradictions. How shall we cope with these changes? On the one hand, the reform measures should be as appropriate and complete as possible when promulgated. On the other hand, leading cadres in various localities should take the lead in considering the overall interests of the reform and taking a correct attitude toward the problems arising in the way ahead. For the sake of the rise of the Chinese nation, they should bravely take responsibility for the reform and should safeguard the overall interests of the reform even if their immediate interests will be somewhat affected for the time being.

Third, reform is a revolution and an unprecedented, arduous exploration. Reform will encounter problems, twists and turns, and some risks. These difficulties and resistance are unavoidable. There is no backtracking in reform. We should follow Comrade Deng Xiaoping's teachings, give play to the brave spirit of pioneering and taking risks [gan chuang gan mao 2413 7068 2413 0379], practice boldly, keep summing up experiences in the course of practice, and forge ahead.

The basic way out is to deepen the reform. Under the guidance of Deng Xiaoping's theory of building socialism with Chinese characteristics and the leadership of the party Central Committee with Comrade Jiang Zemin as the core, the whole party and the people of all nationalities in China, united as one, are bound to be able to score new victories in deepening the reform and take a vital step forward on the road of pushing ahead with the building of the system of socialist market economy.

Paper Views Positions of Jiang, Yang Baibing

HK3110043093 Hong Kong HSIN PAO in Chinese 29 Oct 93 p 25

[Column on "Beijing Political Situation" by Jen Hui-wen (0117 1979 2429): "Why Did Yang Baibing Ask to Resign Again?"—written in Beijing on 20 October 1993]

[Text] In an article entitled "Question of the Yang Family Generals Still Remains" published in the 26 February column, the writer disclosed that Yang Baibing, former secretary general of the Central Military Commission and director of the People's Liberation Army General Political Department, was still brooding

on his being removed from all military posts, although he was elected member of the Political Bureau during the 14th CPC National Congress in October last year. Many times he had asked to resign from the Political Bureau membership. Some young and middle-aged military officers did not understand either why Yang Baibing was expelled from the military.

Yang Baibing Asked to Resign and Hoped to Return to His Native Place

In view of this, Deng Xiaoping particularly advised the three Central Military Commission leaders—Jiang Zemin, Liu Huaqing, and Zhang Zhen—"not to have a prejudice against" Yang Baibing; as long as "Yang Baibing has been organizationally divorced from the military," "no check or repudiation should be carried out"; "taking account of the overall situation, efforts must be made to stabilize the armed forces as soon as possible." However, an informed source in Beijing revealed that out of resentment over the ultraleftist measures taken against him, Yang Baibing recently asked to resign again and be allowed to return to his native place to spend his late years after resignation.

The informed source said that in May the CPC authorities suggested Yang Baibing assist the military in high-tech work, holding the posts of deputy group leader and deputy political commissar, ranking after Ding Henggao (chairman of the State Commission for National Defense Science, Technology, and Industry) and Hu Qili (minister of the Ministry of Electronics Industry). Yang Baibing has not taken up actual work but he had inspected the relevant unit and base. The CPC authorities thought that this time he was willing to accept the arrangement and to do some actual work. But unexpectedly, when spending a vacation in a Chengde mountain resort during the summer and after returning to Beijing in late September, he submitted a written resignation to the CPC Central Committee. In his late September resignation letter, Yang Baibing requested: "After my resignation, please permit me to return to my native place to spend my late years."

When spending a vacation in the Chengde mountain resort, Yang Baibing also wrote a letter entitled "Inner-Party Life Must Remain Sound" to the Political Bureau of the CPC Central Committee. In this letter, Yang Baibing claimed that some comrades, overstepping the Political Bureau and disregarding party discipline and organizational principles, had criticized and attacked some Political Bureau comrades on some public occasions, adding that this was an expression of abnormal inner-party life. He hoped that the party Central Committee would guard against people who inclined to the "left" one moment and to the right the next, people who overtly agreed with Deng Xiaoping's theory but covertly opposed it, people who verbally opposed the formation of small factions but were actually forming small factions, and people who did not do actual work but were good at criticizing those who did actual work.

Moreover, at a Political Bureau meeting, Yang Baibing said: "Safeguarding the party Central Committee with Comrade Jiang Zemin as the core means persisting in the party's line, policies, regulations, and organizational principles, but this does not mean that no criticism and self-criticism can be carried out in the Political Bureau or the party. In the Political Bureau, Secretariat members and Political Bureau members are equal."

A person in Beijing military circles said that Yang Baibing's criticism was obviously targeted at CPC General Secretary Jiang Zemin. The contradictions between Jiang Zemin and Yang Baibing can be traced back to the period after Jiang Zemin's appointment as Central Military Commission chairman at the Fifth Plenary Session of the 13th CPC Central Committee in November 1989. After being appointed Central Military Commission chairman, Jiang Zemin frequently meddled in military matters to gain military leadership as soon as possible, whereas Yang Baibing bore resentment against Jiang Zemin for not exercising leadership over the military through him, so Yang Baibing held back some of Jiang Zemin's instructions, hence the contradictions between them. Facing their contradictions, Deng Xiaoping, out of consideration for stabilizing the political situation and the armed forces, fully supported Jiang Zemin's position. Probably, this was one of the reasons why Yang Baibing's military power was reduced during the 14th CPC National Congress. Now Jiang Zemin remains stable as ever at the various top party and government posts. Yang Baibing's resentment does not cause any harm at all to him.

Yang Baibing's Influence in the Armed Forces Is Being Eliminated

The informed source pointed out that there were other reasons why Yang Baibing asked to resign this summer. He has been frequently criticized since December last year. Veteran leaders and generals including Song Ping, former Political Bureau Standing Committee member; Song Renqiong, former vice chairman of the Central Advisory Commission; as well as former Defense Ministers Qin Jiwei and Zhang Aiping, all participated in the attempt to overthrow Yang Baibing. They accused him of "ignoring the Central Committee," of "quoting Deng Xiaoping's theory out of context," of "always engaging in factional activities," of "being thirsty for political power," and of "being a careerist." They requested the CPC Central Committee to move Yang Baibing out of the Political Bureau. This made Yang Baibing more eager to resign.

In mid-August, as instructed, photographs of Yang Baibing inspecting arms, services, and major military regions were removed from sight. At the same time, his speeches and articles were deleted from military units' political study material. The inscriptions he wrote during his inspections of armed forces units and bases were also removed. Obviously, the purpose is to eliminate Yang Baibing's influence in the armed forces. This also means that his political and military careers have

ended. How could have this not disheartened Yang Baibing, who has made contributions to the armed forces?

Seeing this, which was similar to forcing Yang Baibing to resign, Yang Shangkun, former first vice chairman of the Central Military Commission, told Jiang Zemin, Qiao Shi, and Liu Huaqing, Political Bureau Standing Committee members, that he agreed with removing Yang Baibing from Political Bureau membership, and suggested electing someone else to this bureau. Yang Shangkun, the "eldest general" in the "Yang family generals," expressed this agreement prior to an inspection of Sichuan in late September.

A person in Beijing military circles pointed out that there had been examples of removing ousted officials' influence in CPC history and there were even more examples during the 10-year Cultural Revolution. Yang Baibing was promoted to Political Bureau membership although he was removed from military posts, so it was excessive that Yang Baibing had been treated that way. This also violated Deng Xiaoping's instruction of "not having prejudice" against Yang Baibing. But Yang Baibing will not escape the fate of a "collapsing wall." In other words, if a high-level CPC official is accused of committing a rightist mistake, he will find himself in a position worse than a "leftist." Even during the Deng Xiaoping age, Deng cannot help those who are accused of committing rightist mistakes. For the sake of "balance" and "stability," Deng Xiaoping will even sacrifice their interests. Examples were Hu Yaobang and Zhao Ziyang, who were forced from power. This is also an important reason why most of CPC cadres would rather incline to the "left" than to the right.

The informed source added that in mid-October, Liu Huaqing, Hu Jintao, Political Bureau Standing Committee member; and General Yang Dezhi had a talk with Yang Baibing. On Yang Baibing's request to resign, Liu Huaqing expressed the following three views on behalf of the CPC Central Committee: First, the Central Committee will consider his request to resign from Political Bureau membership, according to the principle of whether or not it is beneficial to the party's and armed forces' work; second, the Central Committee takes a positive attitude on his work when he was Central Military Commission secretary general and director of the General Political Department; and third, the Central Committee hoped that he would exert himself, acknowledge his mistakes, and continue to work for the party and the people.

The person in Beijing military circles pointed out that Liu Huaqing's purpose in consoling Yang Baibing was to ease the remaining problems with the Yang family generals and stabilize the armed forces. But confirmation of Yang Baibing's work will not change the attempt to eliminate his influence in the armed forces.

On Yang Baibing's political fate, it is generally believed that it will depend on the fate of the 230 young and

middle-aged divisional-level cadres promoted in the period when Yang Baibing was in charge of the Central Military Commission office. If these young and middle-aged officers remain and do not accept Yang Baibing's removal from military posts, the authorities would rather allow Yang Baibing to stay than approve his resignation request. If Yang Baibing's influence in the armed forces is removed and military officers who may cause internal disorder are transferred, the authorities will no longer retain Yang Baibing.

Qiao Shi Urges NPC Lawmakers To Speed Up Legislation

*OW0311123793 Beijing XINHUA in English 1148
GMT 3 Nov 93*

[Text] Beijing, November 3 (XINHUA)—Qiao Shi, chairman of the Standing Committee of the National People's Congress (NPC), today urged lawmakers to play an active role in speeding up legislation.

Addressing a meeting of heads of NPC's special committees, Qiao said this was aimed at promoting socialist democracy and law and order, and at helping to establish a socialist market economy.

"Legislation, especially on economic affairs, should be accelerated" in the run-up to the annual NPC session next year, Qiao said. The session is scheduled for March.

He said the NPC Standing Committee will discuss and approve a number of laws before the annual session and work out a legal framework for the socialist market system.

The eight special committees of the eighth NPC cover the areas of nationality affairs, finance and economy, law, education, science and culture, foreign affairs, justice, environmental protection and affairs of overseas Chinese.

As organs of the NPC, they are empowered to discuss motions, examine standardized documents, deliberate on inquiries and make proposals based on their investigation and research.

At the same time, Qiao said, the special committee should look into the enforcement of laws and exercise supervision over the government's work.

He also called for more parliamentary exchanges with foreign counterparts and international organizations in order to expand the influence of the legislature.

A blueprint for structural reform of the NPC organs should be designed and preparations for next year's session should get started, he added.

Since the formation of the Eighth NPC earlier this year, Qiao said, the eight special committees have discussed and examined 17 draft laws and begun drawing up laws in their respective areas of research.

Progress has also been made in supervising law enforcement, administrative bodies, courts and procuratorates, and in increasing contacts with foreign parliaments, he added.

He called on the lawmakers to equip themselves with Deng Xiaoping's theory on building socialism with Chinese characteristics.

Li Ruihuan Opens United Front Work Conference

*OW0311130593 Beijing XINHUA in English 1240
GMT 3 Nov 93*

[Text] Beijing, November 3 (XINHUA)—A national conference on united front work opened here today. Li Ruihuan, chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), made an opening speech.

More than 200 representatives from united front work departments, party and government leading organs at all levels throughout the country, are taking part.

Li, also a member of the Standing Committee of the Political Bureau of the Chinese Communist Party Central Committee, told the meeting that the main task of this conference was to discuss and formulate policies on every aspect of united front work in the new period of China's reform and opening.

He called on the whole party to pay attention to united front work. He said efforts should be made in opening up a new prospect for united front work under the guidance of the theory on socialism with Chinese characteristics.

Li said all the forces that can be united should be united to build China's four modernizations, to reunite the motherland and invigorate the Chinese nation.

He demanded all the representatives to emancipate their minds, seek truth through facts and focus on the new situations, new problems and new experience.

He hoped the meeting would be successful.

Wang Zhaoguo, vice-chairman of the National Committee of the CPPCC and head of the United Front Work Department of the party Central Committee, made a working report to the conference.

He said the current united front work was good and it made great contributions to China's economic construction and to the stability of the state and society.

Wang stressed that united front work should center on the reform and opening and on economic development. Special attention should be paid to cooperation between democratic parties and to the training of non-communists.

Wang Zhaoguo Urges 'New Approaches'

OW0311131793 Beijing XINHUA in English 1241
GMT 3 Nov 93

[Text] Beijing, November 3 (XINHUA)— New approaches are needed to meet the demands of national united front work in the period of China's reform and opening up, an official said here today.

Wang Zhaoguo, head of the United Front Work Department of the Central Committee of the Communist Party of China (CPC), made this remark at an ongoing national conference of the united front work of the CPC.

He said that the work of the united front in the new period involves nearly all aspects of society. This calls for new approaches to be adopted.

Since the exploiting class no longer exists in the mainland at present, a fundamental change has taken place in the structure of the united front, he said.

He said the workers and patriots who support socialism have become the mainstay of the united front and its work has become part of the mass work.

Those we worked with in the past in the united front, like industrialists, businessmen, leading figures in ethnic minorities and former members of KMT [Kuomintang], have reduced in number gradually.

However, new members like intellectuals and overseas Chinese have substantially increased in the recent years.

Meanwhile, organizations of various kinds have sprung up, including friendship associations of overseas Chinese, intellectuals and businessmen in joint ventures.

He pointed out that thanks to the expansion in scope and number of members in the united front, a more comprehensive approach to the work is needed, including disseminating the party's policies in this sector through various mass media and non-governmental organizations.

Li Lanqing Inspects Jiangsu Work, Developments

OW0311063393 Beijing XINHUA Domestic Service in Chinese 0940 GMT 2 Nov 93

[By reporter Mou Weixu 3664 4850 2485]

[Text] Nanjing, 2 Nov (XINHUA)—Li Lanqing, member of the CPC Central Committee Political Bureau and vice premier, inspected Jiangsu from 25 October through 1 November. He was accompanied by Chen Huanyou, secretary of the Jiangsu Provincial CPC Committee and governor of Jiangsu; Gu Hao, member of the provincial party standing committee and secretary of the Nanjing municipal party committee; and Wang Bingrong, vice governor of Jiangsu.

Following the inspection, and after being briefed by provincial, municipal, and county officials, Li Lanqing

pointed out: Jiangsu has achieved conspicuous success in its economic development ever since the adoption of the reform and opening up policy, and especially after the publication of the talk which Comrade Deng Xiaoping made during his inspection tour of southern China. During my familiarization visits in Suzhou, Wuxi, Changzhou, Zhenjiang, and Nanjing, I could see Jiangsu has indeed undergone tremendous change. Owing to the importance your province has given in building infrastructures, you have significantly improved your investment environment. Jiangsu's export-oriented economy and township and town enterprises have developed very quickly. Because Jiangsu traditionally attaches great importance to education, the schools in several cities in southern Jiangsu are well equipped and the quality of teaching is good. Cadres of municipal and county authorities are quite young, relatively well educated, and energetic.

During the inspection, Li Lanqing was briefed about the way Jiangsu cracked down on smuggling. He pointed out: In order to constantly improve and clean up your investment environment, you should take full advantage of the markets and resources at home and abroad to develop your economy. We must crack down hard on smuggling, especially organized smuggling conducted by enterprises and institutions. All party and government leaders must constantly heighten their understanding of the importance in cracking down on smuggling. They must realize the complexity and formidability of this struggle. Since the elements of organized smuggling have wormed their way into every nook and corner, we must fight and strictly guard against smuggling on all fronts. We must build a great steel wall which organized smugglers cannot penetrate.

While inspecting Jiangsu's commercial and commodity supply enterprises, Li Lanqing pointed out Jiangsu should make great efforts to develop business group chains. He stated: Small businesses can only create up small industries. Only by developing commercial group chains can we quickly modernize the production of industrial goods for daily use. This is a successful experience other countries have gained. Chinese businesses, in order to upgrade their operations and improve their economic efficiency, and in order to guard against counterfeit and inferior products entering the market, must use chain operations and other economic cords to link isolated businesses and to operate like those large guest houses and hotels which operate collectively in gathering consumption information, purchasing commodities, training personnel, and standardizing management. Li Lanqing pointed out: Enterprises operated by food and supply and marketing departments in urban and rural areas should change their operating thinking and style in accordance with requirements for a socialist market economy. While ensuring the source and supply of agricultural and sideline products, they must work hard to diversify their operations so as to establish a system of comprehensive services. Departments in charge of supplies should change the functions of wholesale stations

established under the planned economic system and make great efforts to establish all kinds of wholesale and retail markets of capital goods. Currently we must pay special attention to developing the spot wholesale and futures market where suppliers and buyers can deal directly.

Inspecting some foreign-funded enterprises in southern Jiangsu, Li Lanqing said: While Jiangsu is good in many ways for attracting foreign investment, it should create an even better and cleaner investment environment so it can attract even more foreign investments to develop its export-oriented economy according to industrial policy and market needs at home and abroad. Commenting on streamlining state-owned foreign trade enterprises, Li Lanqing said: Some of these enterprises lack vitality. Their loss of state assets and personnel are serious. We must attach great importance to this problem. During the process of building a socialist market economic system, we must attach great importance to streamlining large and medium state-owned foreign trade enterprises. While implementing the "Regulations Governing the Change of Operating Mechanisms in State-Owned Industrial Enterprises" and establishing effective mechanisms for supervising state assets, we must explore ways to establish modern enterprises, take effective measures to increase state enterprises' coherence, and establish effective mechanisms governing incentives.

Inspecting the Suzhou State High-Technology Development Zone, the Zhenjiang Dagang Economic and Technical Development Zone, and the new Nanjing Automobile Manufacturing Plant, Li Lanqing pointed out: Economic and technical development zones which have been approved for establishment should also proceed with their construction projects according to their ability. They must underscore efficiency and seek step-by-step development. Their starting points must be high and their products must primarily be for export. Their development must be integrated with industrial restructuring and the reconstruction of old urban areas. We must guard against the practice of launching many new projects in development zones while ignoring the reconstruction of old urban areas and old enterprises. He urged the China Motor Company and the Nanjing Automobile Manufacturing Plant to make efforts to assimilate the advanced technologies which have been purchased, continue to domesticate the production of auto parts, and concentrate their resources on building the Nanjing Automobile Manufacturing Plant into a large mainstay enterprise which can produce automobiles in large quantities and compete internationally.

Braving rain, Li Lanqing inspected the zone for the projected Suzhou-Singapore Industrial Park and heard a briefing about the progress of the project. He said feasibility studies of the park should be intensified and needed preparations should be made.

Education is one priority of Li Lanqing's inspection tour. Not only did he inspect Nanjing University, Southeast

University, Suzhou University, Nanjing Medical College, and Zhejiang Medical College, but also some middle and primary schools, a school for deaf-mutes, and a vocational education center. He also called a conference on college reform in Nanjing—a meeting attended by leaders of the State Education Commission and ten universities and colleges in Nanjing. Li Lanqing stated: Proficient personnel are essential for economic development, and education is essential for the training of proficient personnel. The "PRC Teachers' Law" which the National People's Congress has just approved has codified into law teachers' social status, rights and interests, responsibilities, and material compensation. This is an important event in the history of China's educational development. It is also an important way to show society's respect for teachers and education. Li Lanqing urged all party and government leaders to take the lead in studying, propagating, and implementing the "Teachers' Law." Commenting on educational issues during the course of inspection, Li Lanqing pointed out time and again they must make great efforts to develop vocational and technical education while popularizing nine-year compulsory education and improving college education. He said this is in line with the nation's needs, and is also a quick and effective way to train proficient personnel. Li Lanqing endorsed those Jiangsu leaders for regularly visiting schools to help them solve problems and educate teachers and students on the situation at home and abroad. He praised the Wuxi No. 1 Middle School and other schools for giving students moral, academic, and physical education as required by the nation's educational policy. These schools have achieved satisfactory results in cultivating their students by combining education on patriotism and collectivism with education on China's fine traditions.

During his stay in Nanjing, Li Lanqing also attended and addressed the opening ceremony of the 19th World Congress of Silk Associations.

Li Tieying Discusses Cultural Market Development

OW3010103393 Beijing XINHUA in English 1018 GMT 30 Oct 93

[Text] Beijing, October 30 (XINHUA)—Chinese State Councillor Li Tieying said that China should speed up the development of a healthy and flourishing cultural market by expanding reforms and tightening management.

"The cultural market is an important part of the Chinese socialist market system and a vital sphere of socialist ethics progress," Li, also a member of the Political Bureau of the Central Committee of the Chinese Communist Party, told a national conference on the cultural market.

The conference, which opened here today, is the first national meeting to discuss China's fledgling cultural market.

"The Chinese Government is attaching importance to the development of the cultural market, which took shape and experienced a historical boom after the reform and opening policy was adopted," he said.

As defined here, China's cultural market consists of such sectors as artistic performances, publications, paintings, films and historical artifacts. Markets which have recently arisen include entertainments, phonograph records and video tapes, Sino-foreign cultural exchanges, and cultural personnel training.

The markets are run by the government mainly, but private ones have joined as auxiliaries.

Popular arts and high-fashion ones are existing side by side here. The cultural markets are supposed to have functions of entertainment, education, improving aesthetic sense and spreading knowledge in China.

But there are major problems in the market, according to Li.

"One is that illegal practices have not been eradicated from the market," he said.

To some degree the market is also short of products and services, irrational in structure, even poor in ideology and artistic taste. Some state-owned cultural units and troupes still cannot adapt to the changed environment of the market economy and are under insufficient protection and aid from policies. The legal system and general management remain incomplete and inharmonious, too, the councillor added.

Any efforts to boost the market must observe the guidelines of "culture and arts must serve the people and socialism" and "let a hundred flowers blossom and a hundred schools of thought contend", and other party doctrines to direct the socialist cultural course, Li said.

"Under a prerequisite that social benefit must always be considered first, people should strive to improve the economic efficiency of the cultural market, so as to realize the unification of the two aspects."

Only through reform can a sound operational and well-managed cultural market be built to meet the needs of the socialist market economy, Li said. This required the construction of a legal system, intervention by economic or administrative means and media forces, and cooperation between departments of finance, police, commerce, taxation and customs, according to the state councillor.

Minister on 'Problems' in Entertainment

HK0111052893 Beijing CHINA DAILY in English 1
Nov 93 p 1

[By staff reporter He Jun: "Entertainment Sector Problems Being Tackled"]

[Text] The government is ready to tackle the problems bedeviling the country's growing entertainment industry, according to a top culture official.

Culture Minister Liu Zhongde stressed the need for such new measures while addressing the opening session of China's first national conference on the entertainment industry over the weekend.

The major problems troubling cultural authorities are illegal publications, the smuggling of overseas audio and video products, pornography, prostitution, gambling, rocketing fees charged by overseas pop stars, tax evasion and corruption of some cultural administrators.

Effective guidance by the government is especially important for a healthy and rational development of this industry in a socialist market economy, he said.

He called for preferential policies to support the development of classic art forms and further reform efforts to push State cultural organizations and performing art troupes into the marketplace.

Liu also called for more cultural events to further boost the market, especially in rural, remote and border regions.

As to the skyrocketing prices charged at some entertainment centres or at pop-star performances, he said price ceilings should be introduced to ensure the cultural events are affordable for most Chinese people.

He also pledged to strictly regulate the annual quota on imported overseas audio and video products and to launch a crackdown on their illegal reproduction this winter.

He vowed to buttress the rule of law in this sector and strengthen the implementation of existing regulations to further improve the management of the cultural market.

A nationwide inspection will soon be launched on existing dance halls, karaoke bars and other entertainment establishments before licenses are issued to them.

The ministry is drafting a series of laws on the entertainment trade, including a cultural market management law, which is expected to be passed before 1995.

According to the minister, the entertainment market covers such sectors as art performances, publications, paintings, films, historical artifacts, entertainment, audios and videos, Sino-foreign art exchanges, and training courses for professionals.

All efforts in boosting the market should be guided by the principle that "culture and arts must serve the people and socialism," State Councillor Li Tieying told the conference on Saturday [30 October].

Law Enforcement Organs Become 'Money-Making Tools'

HK0211114593 Hong Kong CHENG MING in Chinese No 193, 1 Nov 93 pp 28-29

[Article by Chao Yuen (6392 0626): "Deng Xiaoping's Directive on Anticorruption Work in Public Security Organs, Procuratorial Organs, and People's Courts"; first paragraph is CHENG MING introduction]

[Text] The value of the national emblem on the police cap has paled into insignificance owing to the lure of money in the commercial tide. Deng Xiaoping and the senior level of the CPC want to use the "work team," a tradition in the Mao Zedong era, to crack down on unhealthy trends in public security organs, procuratorial organs, and law courts, but the effect certainly will be short-term.

Deng Xiaoping Directs the Sending of Work Teams

"Work teams," "on-the-spot teams," and "investigation teams" are terms familiar to us, and terms that recently have frightened law enforcement personnel in communist China. This is because at the end of September, the State Council and the Central Commission for Discipline Inspection made the decision to send work teams and investigation teams, when necessary, to law courts, procuratorial organs, and public security organs in order to solve the serious corruption problem.

It is not a rare thing to hear that the law enforcement personnel in communist China have breached the law and committed corruption. The problem concerns how great an adverse effect would be caused by rampant police power in a country that lacks the power to check it. What is more embarrassing is that in the new round of the anticorruption drive, one of the biggest difficulties facing the CPC is that the corruption phenomenon in the public security organs, procuratorial organs, and law courts has become the most serious compared with various circles, therefore, the anticorruption drive has not been able to be launched swiftly in the law enforcement organs.

This kind of situation has caused concern at the senior level of the CPC, and even Deng Xiaoping, who has "retreated but not retired," cannot bear the situation. In early September, he gave an instruction: "The CPC Central Committee and the State Council must make some efforts to tackle the situation in the public security organs. If a case is real, it should be handled immediately. Work teams should be sent to departments that have serious problems, in order to change the organization. We must emphasize the quality of public security personnel, and this is an important link."

Armed with this newest "imperial sword" from Deng Xiaoping, the State Council and the Central Commission for Discipline Inspection began to take on the law courts, procuratorial organs, and public security organs. Before this, Jiang Zemin, Li Peng, and Qiao Shi had

personally looked into the major corruption and law-breaking cases in the public security organs, procuratorial organs, and law courts, and Jiang Zemin and Qiao Shi also had given personal instructions. Jiang Zemin expressed implicit regret in his instruction in mid-August: "If we cannot solve even the problem of corruption and lawbreaking behavior in the public security organs, procuratorial organs, and law courts, then how can we crack down on decadence, corruption, and bribery? How can we effectively and precisely hit the criminals? How can we safeguard law and discipline and protect the people's interests?" Compared with his remark, the remark by Qiao Shi, who is in charge of judicial and political work, is more frank, and he has not tried to shirk responsibility: "Concerning the situation of corruption and violation of discipline in the public security organs, the central leadership has a responsibility; we must rectify the situation proceeding from organization, legal system, and discipline, and must fight the battle well."

Public Security and Procuratorial Organs in Guangdong Province Follow an Unwritten Rule

This battle is not an easy one, however. The final green light has to be given by Deng Xiaoping, and this indicates how serious and complicated the problem is.

The exchange of power and money has become a secret method for the public security organs, procuratorial organs, and law courts to earn money, and surprisingly, all this is carried out in the name of "reform." For example, the Guangdong Public Security Department and Procuratorate follow an unwritten rule:

After serving three years in prison, a criminal offender who is sentenced to less than 15 years in prison can use 5,000 yuan to offset one year in prison, and if he can pay 50,000 yuan once and for all, he can be bailed out for medical treatment or serve his term outside the prison (Chinese law stipulates that the maximum length of prison terms served outside the prison is five years);

After serving two years in prison, a criminal offender who is sentenced to less than 10 years in prison can use 5,000 yuan to offset one year in prison, and if he can pay 30,000 yuan once and for all, he can be bailed out for medical treatment or serve his term outside the prison;

After serving six months, a criminal offender who is sentenced to less than five years in prison can pay 20,000 yuan in a single installment for a parole or to serve his term outside the prison;

After serving two years in prison, an economic criminal sentenced to less than 10 years in prison for corruption, bribe-taking, or smuggling can pay 50,000-100,000 yuan once and for all, in order to be bailed out for medical treatment or serve his term outside the prison, generally for three years.

Sichuan and Guizhou Public Security Organs Substitute "Money" for Punishment

Data from Guangdong Province Public Security Department reveal that since April 1992, more than 4,300 criminal offenders and economic criminals have used money to bail themselves out to serve prison terms outside prison, and this move has enabled the public security and procuratorial organs to earn 110 million yuan, 35 percent of which have been used as material awards and allowances for department cadres and personnel.

Seeing the overcrowded prisons, the public security and procuratorial organs in Sichuan and Guizhou Provinces went so far as to announce: Criminal offenders who are sentenced to less than 10 years in prison, who show good behavior for one year in prison, and who admit their guilt, can be bailed out for medical treatment or to serve their terms outside prison, when their family members, relatives, or original units act as guarantors and pay a "law and order management and education fee" of 15,000 yuan. After serving three months in prison, criminal offenders who are sentenced to less than five years can be paroled when their family members, relatives, or original units act as guarantors and pay a "law and order management and education fee" of 5,000 yuan. After serving six months in prison, economic criminals who are sentenced to less than 10 years can be paroled when their relatives, family members, or original units act as guarantors and pay 30,000-50,000 yuan.

According to information, the 80-odd prisons and 180 detention centers in Sichuan all have accommodated inmates 120 percent in excess of their normal capacity, while judicial and investigative departments are undermanned by 50 percent. The 22 prisons and some 90 detention centers in Guizhou Province all have accommodated inmates 80 percent in excess of their normal capacity. In the first half of this year, nearly 12,000 criminals in Sichuan Province and almost 3,000 criminals in Guizhou Province "paid money for their crimes," so they got out of the jail for medical treatment and served their terms outside prison.

Jiangxi Province's public security and procuratorial organs say: After serving six months in prison, criminal offenders and economic criminals who are sentenced to less than 10 years in prison and who show remorse, can be bailed out by family members or units, which act as guarantors and pay a yearly "law and order management fee" of 2,000 yuan, so that the offenders can serve their terms outside prison. As for criminal offenders and economic criminals who are sentenced to 20 years in prison, if their family members can pay 10,000 yuan, they will not be sent to reform-through-labor mines or reform-through-labor farms to serve their terms, but can serve their terms in prison. Various Kinds of Methods To Make Money [subhead]

Apart from making use of the prisoners, the public security organs have other ways to make money. For example, public security organs in such provinces and

regions as Guangdong, Fujian, Guangxi, Zhejiang, Shanxi, and Jiangxi "lawfully" sell "police sirens" to units and individuals for use in their cars. The price tag in Shenzhen is 200,000 yuan, for a period of three years; in Guangzhou it costs 120,000 yuan, for a period of three years; in Guangxi it sells for 50,000 yuan, for a period of two years, plus an annual management fee of 5,000 yuan; in Jiangxi, the public security department asks for 50,000 yuan, plus an annual management fee of 12,000 yuan.

This kind of "monopolized business" has drawn a very good response. In Shenzhen alone, nearly 20,000 units and individuals have applied for "police sirens," and at present, only 60 "police sirens" have been sold.

At present, the law and order situation has deteriorated, but the relevant quarters are not trying to increase public security strength, but see it as a chance to make money. The public security bureaus (or departments) in Guangdong, Fujian, Sichuan, Yunnan, and Guangxi announced a "special protection work service charge" in July. The service is divided into four levels, and fees are collected according to the importance of the units requesting protection, the locations, and the areas involved:

Special protection—50,000-100,000 yuan;
First-class protection—10,000-100,000 yuan;
Second-class protection—2,000-20,000 yuan;
Third-class protection—500-5,000 yuan.

So-called third-class protection means that patrolling police will drop by to sign a book every day, and will establish telephone contact once in the morning and once in the evening. Special protection means round-the-clock police on duty on the spot.

Here we can see that the public security organs in communist China have degenerated into money-making tools which "put profit-making first." "It takes more than one cold day for the river to freeze three feet deep." The extent to which the law enforcement organs in communist China have degenerated into their current lawless condition, is precisely caused by the "imbalance" between political and economic reforms. The value of the national emblem on the police cap has faded into insignificance owing to the lure of money in the commercial tide. Deng Xiaoping and the senior level of the CPC hoped to use "work team," a tradition in the Mao Zedong era, to crack down on the unhealthy trends in the public security organs, procuratorial organs, and law courts, but the effect certainly will short-term because under the new situation, the "tool for proletarian dictatorship" already has acquired a sense of danger regarding its own value.

'Progress' Seen in Railway Corruption Crackdown

HK0111053393 Beijing CHINA DAILY in English 1
Nov 93 3

[By staff reporter: "Brake Put on Railway Corruption"]

[Text] China has made progress in curbing rampant malpractice on the railways, according to a national railway telephone conference over the weekend.

But Railways Minister Han Zhubin warned that rectification is a long-term task and said the next step would be to focus on education and in-depth reform of the monopolistic railway sector.

Some of the three million rail employees had been involved in fraud concerning freight wagon quotas and train tickets in recent years, which had angered the population and worried State leaders.

However, in May the rail sector began a massive rectification drive with an urgent circular to ban numerous illegal charges and fees.

And, since September, an army of 10,000 officials sent by the ministry has been active aboard 1,000 passenger train services and in 500 key stations throughout China.

Their mission is to check whether railway employees wear their nameplates on duty, whether all charges are rational and clearly marked, and whether complaint hotline numbers have been made public.

They have also managed to reduce railway employees' involvement in wagon and ticket frauds.

The ministry reinforced its rule that only cargo shipping planning management departments may handle freight deals.

Enforcement of the rule has led to the closure of 186 rail freight companies and another 53 are no longer involved in the business.

Authorities have also tightened control of ticket sales, restricting outlets to railway booking offices.

Rail travel agencies are no longer allowed to sell them since it was discovered many of them were asking inflated prices.

Cases of blackmail aboard trains have also been brought under control. The ministry openly criticized crews on the Beijing-Changsha line for compelling passengers boarding their trains to buy mineral water.

In a special crackdown since September, railway police have caught 13,000 ticket profiteers, most of whom were jobless people and villagers, and smashed 50 gangs involved in ticket forgery or profiteering.

The ministry has also cancelled 272 unreasonable charges and fees by grassroots railway units such as waiting-room fees and freight-wagon cleaning fee.

Meanwhile, a batch of corrupt railway officials have been disciplined or prisoned. Sixty-four of the 79 cases filed by the ministry—each involving more than 10,000 yuan (\$1,670)—have been handled by far. [sentence as published]

The battle against corruption has also given an efficiency shot in the arm.

China's rail freight volume continually increased since May, and, by the end of September, the ministry has fulfilled 76 per cent of the year's freight target and was 2.96 million tons ahead of schedule.

Symposium Finalizes Report on Social Situation

HK0211095293 Beijing CHINA DAILY in English 2
Nov 93 p 3

[By staff reporter Wang Rong: "Sociologists Urge State To Address Social Woes"]

[Text] China should set up a framework to deal with social problems arising from the transition to a market economy, sociologists say.

If this is done, they say, society will continue to be vibrant and stable.

This was the main theme of a two-day symposium that opened in Beijing yesterday.

The meeting was held to discuss and finalize a draft report on the Analysis and Forecast of the Social Situation 1993-94, which is due to be published in January.

The draft report is part of a five year programme (1992-97) which involves 20 institutions and ministries. It is headed by the Sociology Institute of the China Academy of Social Sciences (CASS).

Analysis

"It is meant to outline our society in the 1993-94 period and give an accurate analysis," explained Lu Jianhua, a researcher with the Institute.

Despite the rapid economic growth and social development, experts predicted problems which might lead to disorder.

According to the draft report, one potential challenge to social stability next year is likely to come from the effects of the separation of central and local government taxes.

This is part of the financial reforms aimed at strengthening the government's financial control.

The reform will bring about a new relationship between central and local governments, which may cause problems and obstacles, the report noted.

The anti-corruption drive may also run into difficulties unless government and Party officials are carefully monitored.

Other social problems likely arise in the coming year, according to the report, include the widening income gap in different economic sectors, social problems in the underdeveloped western areas and an increase in crime. [sentence as published]

All the problems predicted for 1994 had existed since 1978 when the reform drive first started, the report said.

It suggests that "while the economy and society maintained a vigorous development, all kinds of conflicts and problems have accumulated and intensified. [no closing quotation mark as published]

Sociologists suggested the setting up of a framework which can deal with social and economic problems as well as enhance government control.

This should take the form of a special authoritative organ to co-ordinate between the central and local governments. It should also be empowered to arbitrate between the two.

Activities To Mark Mao's Birth Anniversary Noted

OW0211171693 Beijing XINHUA in English 1527 GMT 2 Nov 93

[Text] Hefei, November 2 (XINHUA)—Commemorative activities have been held for the 100th anniversary of Mao Zedong's birth in the old revolutionary areas where he once struggled and lived.

In Mao's hometown, Shaoshan city, in South China's Hunan Province, where he spent the first 16 years of his extraordinary life, a number of permanent commemorative projects have been finished.

Among them are a 10-meter-high bronze statue of Mao Zedong, a forest of steles of Mao's poetry with about 100 stone tablets, and a building housing an exhibition of books and articles which belonged to Mao Zedong.

They will be open to visitors on December 26, the day that saw the birth of the great man a century ago.

On the same day a foundation stone will be laid for the Mao Zedong Library, which will have space for about 700,000 books.

The library has the main task to collect the works of Mao Zedong published both domestically and abroad as well as monographs on Mao Zedong.

People in Shaoshan have shown great zeal in setting up these projects.

With a population of only 100,000, Shaoshan city has managed to collect voluntary donations for the projects totalling about 600,000 yuan within a month.

Mao Zedong established the first revolutionary base in Jinggangshan area in the 1920s-1930s. To commemorate the anniversary, the city has published a book and a picture album named *Mao Zedong in Jiangxi Province*.

A full-length documentary film depicting Mao Zedong's life and struggle in the Jinggangshan period will also be released nationwide from December 26.

A large-scale symposium on Mao Zedong Thought will be held in Yanan city, in northwest China's Shaanxi Province, where Mao Zedong led the Chinese people to final liberation and fully developed his own ideological system.

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HK0111093693 Beijing RENMIN RIBAO in Chinese 30 Oct 93 p 5

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Science & Technology

'Satisfactory Results' in Rocketry Noted

HK0111150793 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1100 GMT 23 Oct 93

[Text] Beijing, 23 Oct (ZHONGGUO TONGXUN SHE)—Since China successfully launched its first practical space exploration rocket—the Tan Kong-7 (T-7) meteorological rocket—in September 1960, it has succeeded in developing, producing, and launching some 200 practical space exploration rockets in 18 categories in the process of effectively conducting various space exploration activities. These activities included searches for space objects, biological experiments, atmospheric sampling, special experiments, and altitude research.

Rocket meteorological explorations are the rocket space exploration activities China has unfolded the earliest with abundant results. China has developed, produced and launched five types of meteorological rockets—the Tankong-7 (T-7), Tankong-7A (T-7A), Heping-2 (HP-2), Heping-6 (HP-6), and Zhinu-1 (ZH-1)—and the technological qualities of these rockets are up to the levels of foreign rockets in the same categories.

In atmospheric sampling rockets, as of today, China has developed, produced and launched five types of solid sampling rockets—the Heping-3 (HP-3), Heping-4 (HP-4), Heping-5 (HP-5), Tingjing-1A (TJ-1A), and Tingjing-2 (TJ-2). The TJ-1A and TJ-2 were designed according to the advanced principle of sampling in isokinetics [deng dong li xue 4583 9520 0500 1331] and were equipped with sampling pressure-amplifiers of satisfactory air-driven qualities. On many occasions these rockets have collected samples of solid particles in the atmosphere above some specific areas, and have provided important data for analysis and research in environmental monitoring.

In the arena of rocket altitude research, China has succeeded in utilizing the improved T-7A rocket in measuring the electronic density in the ionized layer of the medium-latitude zone. In recent years, China has developed and produced the Zhinu-2 (ZN-2) two-stage solid-propellant rocket, which can be used to explore the high-altitude ionized layer and high-altitude atmosphere between 60 and 120 km. Since the launch of the first batch in January 1991, it has successfully conducted experimental exploration of the high-altitude atmosphere in the low-latitude zone. In addition, China's space exploration rockets have carried out voluminous special experiments for the development and production of China's Changzheng-1 carrier rockets and retrievable satellites with satisfactory results.

'Breakthroughs' Made in Life-Support Technology

HK0111150893 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1110 GMT 23 Oct 93

[Text] Beijing, 23 Oct (ZHONGGUO TONGXUN SHE)—Research on controlled ecological life-support

technology, an essential technology enabling man to make extended stays and become "self-sufficient" in space, is making new breakthroughs in China.

At a recent academic seminar jointly sponsored by the Space Medical Engineering Professional Committee, under the China Astronautical Society, and the Space Life Professional Committee, under the China Astronautical Science Society, some experts said that research on the subject of controlled ecological life-support technology is totally feasible technically.

According to briefings given by experts, astronautical environment control and life-support system mainly include the following three basic technologies: 1) storage; 2) physical and chemical regenerative life-support technology; and 3) controlled ecological life-support technology. Each of the three technologies has its own special features, and the development of these technologies will serve to suit the needs of man's space activities featuring large crews and long periods of time.

With the help of life-carrying satellite technology [wei xing sheng wu da zai 5898 2502 3932 3670 2290 6528] and based on its cooperation with other countries in the past few years, China has conducted extensive scientific research on life in space and has attained many major scientific results in this field. Experts believe it necessary to further promote research on controlled ecological life-support technology and to bring about greater development of China's space life science and space medical engineering.

U.S.-Made Satellite 'in Good Condition'

HK0111110193 Beijing RENMIN RIBAO in Chinese
24 Oct 93 p 2

[Dispatch by reporters Yan Bing (0917 0393) and Liu Manjun (0491 2581 6511): "Zhongxing No. 5, the First Orbital Satellite Purchased by China, Is Operating in Good Condition"]

[Text] The first orbital communications satellite bought by China from a foreign country, named Zhongxing No. 5, has officially begun operation. At present, it transmits three programs from the Central Television Station, one program from Tibet Television Station, one from Xinjiang Television Station, and one from Sichuan Television Station—totalling six programs. The satellite is functioning normally and the transmission quality is good.

The China Broadcasting Communication Satellite Corporation used a bank loan to buy the satellite from the GTE Company in the United States. The satellite is a high-power satellite supported by three axes. It has 22 relaying devices and can transmit television broadcasts, telephone calls, telegrams, and data. In addition, it can properly cover our country's territorial areas, as well as some neighboring countries. After a 72-day drifting starting in U.S. space and a voyage of more than 100,000 km, the satellite settled in at 115.5 degrees east longitude

on 26 June this year. After strict testing by both by the Chinese and U.S. sides, the satellite was officially "commissioned" on 16 July. The operation of Zhongxing No. 5 basically has alleviated the inadequacy of satellite resources in our country's space and has promoted the development of television broadcasts, public communications, and special communications.

Series on Environment Carries Official's Views

HK0111053093 Beijing CHINA DAILY in English 1
Nov 93 p 4

[First in a series of five articles by staff reporter Xi Mi from the "Opinion" page: "Country Makes Increased Efforts on Environment"]

[Text] Environmental protection is one of the major challenges China faces in developing the economy, said Qu Geping, chairman of the environmental Protection Committee of the National People's Congress.

"Great attention should be given to environmental protection to ensure that our economy develop steadily and sustainably," Qu said at a recent seminar.

Realizing its responsibility to its people and the world, the Chinese Government has increased preservation efforts.

In 1983, the environment was placed on the government's policy agenda. Since then numerous laws and regulations have been passed to protect the country's forests, grasslands, wildlife, fish, and other natural resources.

Polluters have been warned to observe specific standards.

Pollution standards have been set for the design and expansion of new plants. Companies that do not comply may be forced to shutdown.

Other measures have also been imposed.

Enterprises that discharge waste into public spaces must apply for permits and are fined if they exceed dumping limits.

About 12,500 factories in 150 cities have applied for licences, and millions of yuan in licence fees have been collected to finance pollutant disposal projects.

To improve natural areas, China has protected many of its shrinking forests. Laws and regional regulations have been passed forbidding illegal logging.

Meanwhile, continuous drives have been launched to make the country greener.

A national afforestation day has been set on which millions of citizens join together to plant trees.

The forest belts in Northwest, North and Northeast China are the pride of the country. Taking 11 years and

nearly 100 million people to plant the 9 million hectares of trees, the forest belts have helped improve the environment.

While laws, licenses and penalties are necessary to deter polluters, outdated machineries should also be phased out to protect the environment.

According to Song Jian, Chairman of the State Council's Environmental Protection Commission, the introduction of advanced technology is the key to minimizing pollution.

In the next seven years China will spend over 200 billion yuan (\$35 billion) on environmental protection, most of which will be used to develop technologies and equipment.

Demand for green technology has prompted the rapid growth of China's environmental industry. In 1992, the industry employed 320,000 workers and brought in 3 billion yuan (\$517 million).

The industry's annual output is expected to reach 7 billion yuan (\$1.2 billion) in 1995 and 10 billion yuan (\$1.7 billion) in the year 2000.

The State Environmental Protection Agency has been put in charge of introducing new pollution-control technology in grassroots enterprises.

This will accelerate the implementation of such technology.

To reduce the amount of chlorofluorocarbons (CFCs), a chemical which destroys the ozone layer, China has developed a new semiconductor heat pump system to replace CFCs used in air-conditioners and refrigerators. In 1990, China expelled 21,000 tons of CFCs.

To make those in charge of environment protection more qualified, training courses have been given.

Starting from 1992, directors, technicians and other staff in environmental protection departments were required to undergo professional training before being assigned to their posts.

China has 30 environmental agencies at the provincial level and over 2,500 branches at the municipal and county level, with a total staff of 65,000.

For all the achievements and efforts, however, the environmental situation in China is worsening, according to Qu.

"Environmental problems have been piled up for a long time, and we cannot expect to solve them overnight.

"We've got to be prepared for a long and tough struggle," Qu said.

Military

Army Enterprises Display Scientific Achievements

*HK2810095193 Beijing JIEFANGJUN BAO in Chinese
19 Oct 93 p 1*

[By reporters Nie Zhonglin (5119 0022 2651) and Ma Chunlin (7456 2504 2651): "First All-Army Enterprise Scientific and Technological Research Achievements Fair Opens in Beijing"]

[Text] The Beijing Fengtai Stadium, where athletic competitions are usually held, now becomes a site where various army-run enterprises hold scientific and technological contests. Hong Xuezhai, vice chairman of the Chinese People's Political Consultative Conference National Committee, and Fu Quanyou, member of the Central Military Commission and director of the People's Liberation Army's General Logistics Department, attended the first all-army enterprise scientific and technological research achievements fair which opened here today.

The fair exhibited 2,000 scientific and technological achievements in the mechanical, electronic, chemical, agricultural, and stock-raising fields. It also showcased efficient high and new technologies made and developed by 400 army-run scientific and technological research institutes, military academies and colleges, and army-run enterprises over the last few years. The scientific and technological research achievements and high and new technologies have been listed as state level, and concentrated efforts have been made to spread their use. Also on display were 500 famous, quality, special, and new items. Some items and technologies made a public appearance for the first time indicating that army-run enterprises have gradually turned to scientific and technological progress for development.

In conscientiously carrying out the strategic policy of relying upon scientific and technological progress for economic growth formulated by the CPC Central Committee and the State Council over the last few years, army-run enterprises have reformed and improved the system for scientific and technological development. Some army-run enterprises have set up research institutes for developing new technologies and new products and formed an operational formula which integrates technology, production, and marketing with science and technology serving as a guide. Of the one hundred enterprises under the Commission of Science, Technology, and Industry for National Defense, 80 percent were newly built high-tech entities, which have made hundreds of achievements in new and high scientific research. The Galaxy II super computer developed by University of Science and Technology for National Defense, the Shenli computer system developed by a certain unit under the General Staff Headquarters, and the high-speed analyzer developed by a certain factory under the Nanjing Military Region filled in the gap in the fields of science and technology at home and abroad. A

number of army-run enterprises geared their scientific and technological research to market needs. The medicine "Shueryin" [5289 1422 7113] developed by the Third Military Medical University has become very popular among a large numbers of consumers for its high efficacy. The biological product SOD developed by the Shandan horse ranch under the Lanzhou Military Region has broken into the international markets. Statistics show that of army-run enterprises' newly added output value, profits, and taxes, 50 percent were derived from scientific and technological progress.

After visiting the fair, General Logistics Department Director Fu Quanyou said to these reporters: The fair exhibited a rich array of products and technologies and has provided a good start for the establishment of close ties between army-run enterprises and scientific and technological research institutes. All army-run enterprises must intensify their cooperation and exchanges with scientific and technological research institutes, colleges and universities, and local enterprises; speed up the transformation of scientific and technological achievements into practical productive forces; raise social, economic, and military benefits; and promote sustained, stable, and healthy development of army-run enterprises.

Liu Huaqing, Zou Jiahua Visit Army Exhibition

*OW3110143793 Beijing XINHUA Domestic Service in
Chinese 1014 GMT 25 Oct 93*

[By reporter Zhang Dongbo (1728 2639 3134)]

[Text] Beijing, 25 Oct (XINHUA)—On the evening of 24 October, Vice Chairman of the Central Military Commission Liu Huaqing, Vice Premier of the State Council Zou Jiahua, and Vice Chairman of the Central Military Commission Zhang Zhen went to the Beijing Exhibition Hall to see the 1993 Beijing International Military Logistical Equipment and Technology Exhibition.

While viewing the exhibits, Liu Huaqing frequently asked foreign staff members of the exhibition about the capabilities and special features of various kinds of equipment and watched demonstrations of some of the equipment. At the Chinese exhibition room he pointed at new types of vehicles for cooking, drinking water supply, field radio stations, surgical operations, refueling, and other new logistical equipment and technology of our army. Liu told accompanying personnel that we should seriously borrow advanced technology from foreign countries to raise the combined capability of our logistical equipment.

Zou Jiahua asked about the weight and capability of Austrian-made pontoons and related data with interest. He told Chinese staff members that our scientific-technical personnel should emancipate their minds and be bold in inventing new things. We should do what others can do.

Zhang Zhen carefully examined items at the exhibition for more than two hours. He said: "This exhibition is handled very well!" While affirming the quality of existing logistical equipment of our army, Zhang Zhen asked concerned departments to borrow advanced technologies from foreign military departments, and to pay attention to absorbing and using them.

Chi Haotian, Zhang Wannian, Yu Yongbo, Fu Quanyou, Zhou Keyu, and leading members of various major units of the People's Liberation Army in Beijing also visited the exhibition.

Defense Technical Development Center Expands

OW2710124993 Beijing XINHUA Domestic Service in Chinese 0933 GMT 23 Oct 93

[By correspondents Liu Cheng (0491 4453) and Yang Jiuwei (2799 0036 0251)]

[Text] Beijing, 23 Oct (XINHUA)—Since the National Defense Scientific and Technological Achievements Technical Development Center, China's first science and technology enterprise backed by technical resources of the war industry, began operation more than four months ago, it has marketed over 1,000 declassified and non-classified national defense high technology achievements. These achievements have had good economic returns and a broad prospect for capturing the market; have provided nearly 1,000 technical consultations and diagnoses for large and medium-sized state enterprises and for village and town enterprises; and have attracted more than 100 million yuan's worth of foreign funds.

According to reports, the center has established the most authoritative technical achievements information bank, storing more than 17,000 items of information on the achievements scored in the field of science and technology for national defense since 1978 and has been progressively increasing the capacity of its storage at an annual rate of nearly 2,000 items. This will enable the large number of achievements scored in the field of new high technology for national defense to make better contributions to national economic construction. Most of these achievements are highly sophisticated national defense items and new high technology products, and 40 percent of them can be converted to civilian use. "Think tank" groups of experts, who provide advice on making use of science and technology in civilian production and on altering products to meet market needs, are also gradually taking shape. They conducted many studies on the theory of technical transfer and technical market, on the conversion of preliminary national defense research achievements to mechanism research, and on industrialization of high technology for national defense.

The center also cooperated with enterprises manufacturing military products in more than 10 cities—including Shanghai, Guangzhou, Shenzhen, and Xian—and with large enterprise groups from those cities. It also conducted economic and technical cooperation with Hong Kong, Taiwan, Europe, and the United States.

Among its cooperation projects, the expansion project of the production line of a high-energy gas pressure crack bomb [gao neng qi ti ya lie dan 7559 5174 3049 7555 1090 5933 1734], a key state project, has already attracted an investment of 10 million yuan from a British company. It is estimated to net a profit of over 30 million yuan in 1996.

PLA Hosts Exhibit To Mark Mao Anniversary

HK0111065593 Beijing RENMIN RIBAO in Chinese 26 Oct 93 p 3

[Report by Zhou Yu (0719 1342): "PLA General Staff Headquarters Holds Calligraphy and Painting Show To Mark Mao Zedong's Birth Anniversary; Chi Haotian, Zhang Wannian, Others Write Inscriptions"]

[Text] To mark the 100th anniversary of Comrade Mao Zedong's birthday and to liven up veteran cadres' cultural lives, the PLA (People's Liberation Army) General Staff Headquarters Management Bureau held its first exhibition of paintings and calligraphies by veteran cadres. Li Jing, deputy chief of the general staff; Wu Quanxu, assistant to the chief of general staff; leaders from relevant departments of the Air Force and the Second Artillery Corps; famous painters and calligraphers in Beijing; and veteran cadres who love painting and calligraphy visited the exhibition.

The over 100 paintings and calligraphies on display were produced by veteran soldiers recuperating at the Beijisi sanatorium under the PLA General Staff Headquarters Management Bureau. The Beijisi sanatorium is the biggest one in the Army. These veteran soldiers are from the General Staff Headquarters, the Air Force, the Second Artillery Corps, the University of Science and Technology for National Defense, and military scientific research institutes. These veteran soldiers expressed their profound love for the party, Chairman Mao, the people, and the motherland through their works.

Chi Haotian, Zhang Wannian, Zhang Aiping, Wang Ping, Wu Xiuquan, Yang Chengwu, Sun Yi, Xu Huizi, and other leaders wrote inscriptions for the show.

National Forum on Military Relocation Opens

OW2910054693 Beijing XINHUA Domestic Service in Chinese 0710 GMT 23 Oct 93

[By reporter Duan Jianxun (3008 1696 8113)]

[Text] Kunming, 23 Oct (XINHUA)—A recent forum on the work of relocating military cadres transferred to civilian work was held in Kunming. The forum pointed out that in light of the actual situation, to meet the needs of developing a socialist market economy and to better serve the country's economic construction and army building, we must actively but prudently reform the work of relocating military cadres transferred to civilian work. The forum held that this year's relocation work has proceeded smoothly, and the task of placing more than

58,000 military cadres has essentially been completed. This year's relocation work took place at a time when the pace of establishing a socialist market economy and of reform and opening up, particularly the reform of our cadres personnel system, was accelerating. This unavoidably produced some new contradictions and problems. We must reform and adjust those policies and measures incompatible with the economic restructuring and personnel system reform requirements.

Comrades participating in the forum pointed out: In reforming the work of relocating military cadres, we must uphold the guiding ideology of serving the needs of economic construction and army building. An important yardstick in determining the success or failure of our reform is whether the relocation is conducive to the Army's building and stability, whether it serves the needs of the country's economic construction, whether it helps bring into play the military cadres' talents, and whether it facilitates the smooth progress of the relocation work. The guidelines and goal of reforming the relocation work must be consistent with the general guidelines for reforming the state personnel service, and its reform measures must be compatible and in line with the requirements and stipulations for reforming the state personnel system.

Delegates attending the forum also examined where military cadres should be relocated, the method of placement, and the issues of retraining, pay, and housing.

Zhang Wannian Discusses Youth Work

*HK0111153993 Beijing JIEFANGJUN BAO in Chinese
21 Oct 93 p 1*

[Report by Zhu Ruiqing (2612 3843 3237): "Chief of Staff Zhang Wannian Stresses the Need To Do a Good Job in Youth Work in the Armed Forces"]

[Text] At today's youth work forum held by the General Staff Department, Zhang Wannian, member of the Central Military Commission and chief of staff, stressed the need to study and make a success of youth work in the armed forces under conditions of a socialist market economy. Zhang said this should be viewed from the high plane of fostering revolutionary successors transcending this century.

After explaining the care and concern shown for young people by Mao Zedong; Deng Xiaoping; and Jiang Zemin, general secretary of the CPC Central Committee and chairman of the Central Military Commission; Zhang Wannian pointed out that at a time when we are moving toward the next century, young people undertake the historic mission of forming a connection between the preceding and the following: of blazing a trail into the future. Young people in the armed forces are the future and hope of the armed forces. Strengthening Youth League organizations in the armed forces and cultivating young people so that they become successors to the revolutionary cause are urgent strategic tasks. Party committees and political organizations at all

levels should adopt the spirit of being highly responsible for the socialist cause in training and fostering young people. Under the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, they should strengthen their study and exploration of youth work under conditions of a socialist market economy. They should constantly seek new ways and new methods so that youth work will proceed in a scientific and systematic way, conform with the process of reform and opening up, serve the country's economic construction and the armed forces' modernization, and become more lively, solid, and effective.

Beijing Holds Mobilization Rally on Conscription

*SK0311093393 Beijing BEIJING RIBAO in Chinese
26 Oct 93 p 1*

[By reporter Qiu Hongbo (6726 3163 3134): "Beijing Begins This Winter's Conscription Work"]

[Excerpts] Beijing Municipality held a mobilization rally on 1993's winter conscription work on 25 October. Last winter's conscription work was summarized, advanced units and units which met the targets were commended, and this year's conscription work was arranged. Li Qiyuan, leader of the municipal conscription leading group and mayor of Beijing, and Lieutenant General Zhang Zhijian, deputy commander of the Beijing Military Region and concurrently commander of the Beijing Garrison, attended and addressed the rally.

Zhang Baokang, standing committee member of the municipal party committee and political commissar of the Beijing Garrison, presided over the rally. Vice Mayor Meng Xuenong read the "order of the Beijing Municipal People's Government and Beijing Garrison on the 1993 winter conscription." Qin Tao, deputy commander of the garrison, spoke on last year's conscription and opinions on ways to make this year's conscription successful. [passage omitted]

Zhang Zhijian emphasized in his mobilization report: In carrying out the conscription work, we should proceed from the overall situation in state construction and army building, correctly handle the dialectical relationship between economic construction and national defense construction, regard conscription as a serious political task, and accomplish it. We should firmly embrace the idea of responsibility in army building and focus on ensuring the quality of new enlistees so that good-quality enlistees join the army. We should carry out conscription according to law to conform to the new situation in establishing and developing the socialist market economy and strive to upgrade Beijing's conscription to a new level.

On behalf of the municipal party committee and government, Li Qiyuan extended cordial greetings and heartfelt gratitude to the conscription personnel at all levels who had worked diligently at the forefront of conscription work for many years and made positive contributions to Beijing's conscription work. He also extended most

sincere gratitude to the leaders and comrades of higher-level military organs who had always shown much concern for and gave timely guidance to Beijing's conscription work for many years. He emphasized: Conscription is a very important task, which has a direct bearing on the strength or weakness of national defense, the safety or danger of the state, and the rise or fall of socialist undertakings. All levels should strengthen organization and leadership of conscription work. Top party and government leaders should attend to it personally, regard it as an important task for the fourth quarter of this year, make it a success, and enable all departments concerned to work closely in carrying out conscription work.

Li Qiyang urged close attention to implementation of the conscription law to ensure the smooth progress of conscription. He pointed out: Along with the establishment and development of the socialist market economy system, all work has been legally codified, systematized, and standardized gradually. Conscription work should also be legally codified, systematized, and standardized. This is the only way to make a success of conscription in the new period. Since the beginning of this year, our municipality has officially issued the "regulation of Beijing Municipality on national defense education," the "several regulations of Beijing Municipality on conscription work," and two government rules supporting the "several regulations." They provide an important basis for the governments at all levels to carry out conscription work according to law. To successfully implement the rules and regulations, we should first achieve success in propaganda and education, step up efforts to enforce laws strictly, pay close attention to both positive and negative examples, and facilitate the implementation of all laws and regulations. Li Qiyang urged all levels to adopt effective measures 1) to carry out propaganda, 2) to maintain honesty, 3) to mete out rewards and punishments, and 4) to pay attention to the special care to family members of revolutionary martyrs and army men so as to accomplish this winter's conscription in both quality and quantity.

Also attending the rally were Lu Songhua, Fan Yuanmou, Chen Jingtuo, and Chen Jinbiao.

Wu Bangguo Inspects Shanghai Reserve Forces

OW0211110293 Shanghai People's Radio Network in Mandarin 2300 GMT 28 Oct 93

[From the "Morning News" program]

[Text] Wu Bangguo, member of the CPC Central Committee Political Bureau and secretary of the Shanghai Municipal CPC Committee, and other leaders of the municipality inspected and reviewed Shanghai's reserve service force on 28 October. They were accompanied during the inspection by Tan Dongsheng, director of the mobilization department of the General Staff Department of the People's Liberation Army; (Liu Wenxian), deputy commander of the Nanjing Military Region; and

Xu Wenyi and Zhu Xiaochu, commander and political commissar respectively of the Shanghai Garrison District.

Wu Bangguo said during the inspection: Strong national defense forces, including the reserve service force, and a social environment of stability and unity are indispensable to Shanghai's rejuvenation and development.

Wu Bangguo pointed out: To strengthen the militia and reserve force is very important to ensuring a smooth progress of reform, opening up, and economic construction. Shanghai's reservists should unify their thinking with Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, and they should maintain a political firmness. The reserve force should further improve itself both politically and militarily and enhance its combat effectiveness. It should handle well the relationship between training and work, and make even greater contributions to the building of the two civilizations.

Liaoning Commentary on Conscription 'Difficulties'

SK3110235393 Shenyang Liaoning People's Radio Network in Mandarin 1000 GMT 29 Oct 93

[Commentary by station reporter: "Ponder the Difficulties in Conscription Work"]

[Text] With a red star on the cap and revolutionary red flags on both sides, the Army uniform of the Liberation Army was the long-lived dream of many young people who wanted to join the Army. When conscription work began, all conscription offices were as busy as the market place—bustling with noise and excitement. During the past two years, however, battered by the great tide of the commodity economy, the craze of joining the Army has cooled down. This year, particularly, the worrying difficult situation of conscription work has emerged in our province.

Early this year, five counties and districts in Shenyang city planned to sponsor training classes for more than 100 people before they served in the Army. These classes were finally canceled because fewer than one-tenth of the quota of people applied to attend the classes. Judging from the military service registration situation of Shenyang city in September, the whole city has more than 100,000 young people qualified to join the Army, and if the employed workers are excluded, more than 200,000 people met the enlistment requirements. Judging from these people's military service registration and the number of people who have been initially recognized as qualified to join the Army, however, the number is far from meeting the conscription quota the higher level has assigned to our province. The conscription situation of other cities are more or less the same. During the conscription period, some people have adopted a wait-and-see attitude and selected the arm of the service they wanted to join. Their sense of serving in the Army in line

with the law has gradually weakened. Some young people have even falsified medical records to be rejected by the Army.

The reasons for the reduced craze of joining the Army varies. First, the development of the market economy has increased work opportunities in society. Young people qualified to join the Army may select their work in a broader sphere. The past situation of joining the military as the only option no longer exists. Second, the value concept of young people and their parents is changing gradually. The Army has to operate in a difficult environment and the wages are low. Young people in the rural areas may earn 10 thousand yuan or several thousand yuan at least. Obviously, serving in the Army results in losses. After ending military service, nonagricultural young people in the rural areas will also have difficulties in finding jobs. At present, the practice of paying complimentary funds to rural young people while serving in the Army has been implemented only in some cities. Most enterprises cannot guarantee the various kinds of allowances for young workers after they have enlisted. The failure to conduct in-depth national defense education also constitutes one of the major reasons for the reduced craze to join the Army. Some young people have failed to fully understand that joining the Army and defending the country are the duty and obligation of each and every young person. At present, the national defense education of most localities in the province consists of only a sign and formalist practices. It is in a shallow state, without a definite purpose. At present, children of one-child families have all reached the required age to join the Army. The national defense education of primary and middle school students, however, has not been channeled down the right path. In order to guarantee the smooth fulfillment of this year's conscription work, all localities across the province have successfully issued preferential policies. Certainly, these policies are fascinating but are not completely safe plans. Fundamentally speaking, national defense education should be institutionalized. National defense education and national defense legislation supplement each other. If we only pay attention to ideological education and concentrate energy on raising wages and neglect to use the law to keep our acts within proper bounds, we will have no way to guarantee national defense education. Judging from the strategic perspective of maintaining a long period of order and stability in the country, however, enhancing the sense of national defense of the whole nation and recruiting for the Army in line with the law are the best plans.

Gao Dezhan Watches Tianjin Battle Drill

SK0111063193 *Tianjin People's Radio in Mandarin*
2300 GMT 29 Oct 93

[Text] Tianjin Garrison's five-day battle drill was completed satisfactorily on 29 October. The drill was a high level one held by the garrison to inspect the results of its

training based on its annual training tasks. The garrison's leaders at various levels attending the drill conducted a systematic study of the task of resisting local invasion from the sea and organized drills. Some infantry, artillery, armored, and air forces participated in the drills and were coordinated by Xiqing and Jinghai militiamen for the two military tasks of counter-airborne attack and night counterattack. As a result of the drill, the overall combat level of the garrison was upgraded.

Gao Dezhan, secretary of the municipal party committee and first secretary of the party committee of the Tianjin Garrison, Zhang Lichang, deputy secretary of the municipal party committee and mayor of Tianjin, and other municipal leaders watched the drill at the field training site. Yang Zhihua, commander, and Yang Huichuan, political commissar of the Tianjin Garrison, and other leaders of the garrison observed and directed the drill.

Economic & Agricultural

Further on Trade Union Federation Congress

Official on Foreign Ventures

OW0111143693 *Beijing XINHUA Domestic Service in Chinese* 2108 GMT 25 Oct 93

[Text] Beijing, 26 Oct (XINHUA)—Zhang Dinghua, vice president of the All-China Federation of Trade Unions [ACFTU], emphasized in his work report to the 12th ACFTU national congress: It is necessary to strengthen the trade union work in foreign-funded enterprises and private enterprises and promote the sound development of those enterprises.

Zhang Dinghua pointed out: With the furthering of reform and opening up and the development of the market economy, foreign-funded enterprises and private enterprises have gradually accounted for a greater proportion of our national economy. Their workers and staff members are increasing and their labor relations are becoming more complex with each passing day. Since trade unions firmly support the national policy of opening to the outside world, they must meet the changing situation and improve their work in those enterprises.

Zhang Dinghua said: All foreign-funded enterprises which have already begun operations must set up trade unions according to law as soon as possible. The organization of the trade union in a new enterprise should be planned at the same time the establishment of the enterprise is planned, and a new enterprise should set up its trade union no later than one year after it begins operations. He said: The workers and staff members in foreign-funded enterprises and private enterprises are masters of the country, just as the workers and staff members of other enterprises are. Their political status and legitimate rights and interests are protected by the Constitution and other laws of our country. The guiding principles for the trade union work in foreign-funded

enterprises and private enterprises are to protect the legitimate rights and interests of the workers and staff members, cooperate with investors in seeking the development of the enterprises, serve the workers and staff members, and help promote reform, opening up, and economic construction. Trade unions should inspect and supervise enterprises with respect to the latter's implementation of laws and regulations concerning wages, working hours, social insurance, labor protection, safety in production, special protection for female workers and staff members, and workers training. They should reflect the opinions and demands of the workers and staff members. Wholly foreign-owned enterprises and private enterprises should establish a labor-management consultation or negotiation system, and constantly explore ways for the trade union representatives and workers and staff members to participate in enterprise management. Chinese-foreign joint ventures and cooperative enterprises which have already established the workers congress system should continue to practice and improve the system.

Zhang Dinghua said: At present, some foreign-funded enterprises and private enterprises are seriously violating the law by obstructing their workers and staff members from organizing trade unions, infringing upon the rights of the workers and staff members, extending working hours at will, instituting wage reductions or layoffs arbitrarily, or not providing labor protection. Such legal violations are constantly causing labor disputes, and the problem is even more serious in enterprises which have no trade unions. Trade unions at all levels must step up investigations and studies, ensure the establishment of trade unions in enterprises according to law, protect workers and staff members, establish stable labor relations, and promote the sound development of enterprises.

Workers Urged 'To Contribute'

OW0211044393 Beijing XINHUA Domestic Service in Chinese 2111 GMT 25 Oct 93

[Text] Beijing, 26 Oct (XINHUA)—Zhang Dinghua, vice chairman of the All-China Federation of Trade Union [ACFTU], called on workers of all nationalities in the country to contribute to pushing the national economy to a higher level.

Reporting to the 12th ACFTU congress, Zhang Dinghua said: The 14th National CPC Congress and the first session of the Eighth National People's Congress set forth the great historical task of establishing an initial socialist market economic system by the end of this century. This has set the grand objective for the nation's economic development. The overall situation of China's economic development is good. To maintain a sustained, fast, and healthy national economic development, the party Central Committee and State Council have adopted a series of important measures for improving macroeconomic regulation and control, and these measures have achieved preliminary results. Trade unions at

all levels must firmly adhere to the decisions of the party Central Committee and State Council, and the vast number of workers must demonstrate a strong sense of seizing the current opportunity, be aware of national needs, and bravely shoulder the historical burdens of the working class. Workers of all nationalities in the country must continue to display their hardworking pioneering spirit, work hard at their respective posts, and strive to play their part in pushing the national economy to a higher level through achieving even higher growth on the basis of improving quality, the product mix, and efficiency. Trade unions should care about the readjustment of the economic structure and industrial layout, and support the government in pooling its financial and material resources for building the infrastructure and basic industries, and accomplishing key projects. Trade unions must mobilize the working masses and count on them to expedite scientific and technological advancement, upgrade enterprises' technology, and develop the pillar industries and competitive products in all localities. Trade unions at all levels must attach special importance to enterprises operating in the red and mobilize their workers to readjust their product mix according to market needs, improve the quality of their goods, improve internal management, and explore new markets so that these enterprises can stop losing money and operate profitably as quickly as possible.

Zhang Dinghua pointed out: As result of continuous restructuring, enterprises have now become principal competitors in the market. Our enterprises' performance has everything to do with workers' interests. To show they care about workers, our trade unions must care about enterprises' survival and development. Trade unions must guide workers to work like they are the enterprise masters so that they will enjoy enterprises' benefits and share their risks, making their enterprises communities in which interests are shared. To create a vast arena for workers to demonstrate their wisdom and talents, trade unions should launch emulation campaigns for increasing production and revenue, and conserving resources and expenditure; and encourage workers to come up with proposals for rationalizing operations and upgrading technology, to carry out technical cooperation, take part in invention projects, and support impoverished areas through technical expertise. Trade unions should continue to encourage engineers/technicians, leading cadres, and workers, as well as research institutes, colleges, and enterprises to form three-in-one task groups; and encourage technicians to turn research results into actual productive forces. For those individuals and collectives having distinguished themselves in reform and construction, they should be commended both spiritually and materially, making sure that the awards they receive are commensurate with their contributions. Trade unions must make great efforts to launch campaigns to emulate and catch up with model workers and improve the management of model workers so that they can truly demonstrate their role as being the mainstays, bridges, and guides in their enterprises.

Namelist of Executive Committee

OW0211134693 Beijing XINHUA Domestic Service in
Chinese 1254 GMT 28 Oct 93

[Text] Beijing, 28 Oct (XINHUA)—Members of the 12th Executive Committee of the All-China Federation of Trade Unions [ACFTU] (totaling 241) and (arranged in the order of the number of strokes in surnames): Shan Guangying [1472 1639 5391] (female), Ma Xicai [7456 1585 2088], Ma Ruixian [7456 3843 0103] (female), Wang Lei [3769 7012], Wang Youxin [3769 0645 2450], Wang Zhanxiang, Wang Silian [7456 0934 6647] (female), Wang Zhongshu [3769 0112 2885], Wang Zhiyou [3769 1807 0645], Wang Heqing [3769 0735 3237], Wang Bozhong [3769 3134 1813], Wang Chunhui [3769 2505 2547], Wang Zhenzhong [3769 2182 1813], Wang Guizhou [3769 2710 5297], Wang Aiyang [3769 1947 5391] (female), Wang Daoxin [3769 6670 2450], Wang Xinzong [3769 2450 0022], Wang Deyan, Wei Li (female), You Ren [1429 0088], Gyu Dgav, Bian Guofu [0593 0948 4395], Fang Jiade [2455 0857 1795], Ai Shumin [5337 2885 3046], Shi Zhongxin [4258 1813 0207], Lu Renfa [4151 0088 3127], Shen Wanhe [3947 8001 0735], Tian Fengyun [3944 7364 0061], Bai Wenqing [4101 2494 1987], Feng Qigui [7458 0366 6311], Feng Zuchun [7458 4371 2797], Feng Jiayun [7458 1367 0061], Si Fusheng [0674 1381 4141], Qu Guilian [2575 2710 5695] (female), Lu Jun [0712 4546], Lu Lixia [0712 7787 7209] (female), Lu Baozhu [0712 0202 2691], Zhu Zhongmin [2612 1813 3046], Ren Wenbao [0117 2429 0202], Ren Guofu [0117 0948 4395], Ren Yuezhen [0117 6460 3791] (female), Xiang Guoxiang [0686 0948 4382], Zhuang Shanxin [8369 0810 2450], Liu Heng [0491 3801], Liu Jian [0491 2456] (female), Liu Wanyou [0491 8001 0645], Liu Qiaorui [0491 1564 3843] (female), Liu Shouren [0491 1343 0088], Liu Zhifeng [0491 1807 1496], Liu Liwei [0491 0536 1218] (female), Liu Songming [0491 2646 2494], Liu Jinbiao [0491 6855 2871], Liu Gengye [0491 1649 2814], Liu Baoling [0491 1405 3871] (female), Liu Rongtai [0491 2837 3141], Liu Qiurong [0491 4428 1369] (female), Liu Hongren [0491 3163 0088], Liu Guirong [0491 2710 2837] (female), Liu Xiaoyong [0491 2400 1066], Liu Zhisheng [0491 2535 3932], Liu Xifan [0491 6932 5672], Guan Huai [7070 2037], Jiang Xingrui [3068 5281 3843], Jiang Jiafu [3068 1367 4395], Xu Ruibiao [6079 3843 5903], Nong Jianguo [6593 1696 0948], Sun Zhongfan [1327 0022 5400], Sun Lihua [1327 7787 5478] (female), Sun Lianjie [1327 6647 2212], Sun Xiuzhi [1327 4423 5347] (female), Sun Hongmin [1327 3163 2404] (female), Sun Xiangyan [1327 4382 3508], Maimaiti Nuer [6314 6314 2251 0505 1422], Ji Mingbo [4764 2494 3134], Li Hua [2621 5478], Li Mao [2621 5399], Li Min [2621 2404], Li Xing [2621 (huo 3499 plus xing 2502)], Li Guangzhong [2621 1639 1813], Li Zhonglu [2621 0022 7627], Li Renlin [2621 0088 7207], Li Zhengxiong [2621 2973 7160], Li Yongan [2621 3057 1344], Li Yonghai [2621 3057 3189], Li Keming [2621 0344 2494], Li Qisheng [2621 1142 3932], Li Guozhong [2621 0948 1813], Li Zonglan [2621 1350 5695] (female), Li Suyun [2621 4790 0061] (female), Li Zhenxing [2621 2182 5281], Li

Genqun [2621 2704 5028], Li Chaohui [2621 2600 2547], Yang Li [2799 7787] (female), Yang Yonghong [2799 3057 4767] (female), Yang Zaizhong [2799 0961 1813], Yang Yanlong [2799 1693 7893], Yang Xingfu [2799 5281 1381], Yang Guiyou [2799 6311 0645], Yang Jingyu [2799 2529 1342], Xiao Yuzong [5618 3768 1350], Xiao Huafeng [5618 5478 1496], Xiao Zhiheng [5618 1813 1854], Xiao Zhenbang [5618 2182 6721], Xiao Guibin [5618 2710 1755], Xiao Xijia [5618 6932 3946], Shi Qinglin [2514 1987 2651], Wu Wei [0702 3956], Wu Shushen [0702 2579 3234], Wu Xiangdong [0702 0686 2639], Wu Zuyi [0702 4371 5030], Qiu Fufui [6726 1381 6311], He Hanxiang [0149 3352 7449] (female), He Xiaohu [0149 2556 3822] (female), He Enlan [0149 1869 5695] (female), Tong Bofen [0157 2672 5358] (female), Song Xingzhen [1345 2622 3791] (female).

Zhang Xiong [1728 7160], Zhang Dinghua, Zhang Shihui, Zhang Wanjin [1728 8001 6855], Zhang Wanxiang [1728 8001 4382], Zhang Tianyan [1728 1131 1750], Zhang Yubin [1728 3768 2430], Zhang Chengtang [1728 2052 1016], Zhang Guangzheng [1728 0342 2973], Zhang Fenfang [1728 5358 5364] (female), Zhang Liangjin [1728 5328 6855], Zhang Mingda [1728 2494 6671], Zhang Guoxiang, Zhang Zemin [1728 3419 3046], Zhang Shaoxian [1728 4801 0341], Zhang Shaobo [1728 4801 0130], Zhang Shaofeng [1728 4801 1496], Zhang Bodong [1728 2672 2767], Zhang Xuanyuan [1728 1357 6562], Zhang Guirong [1728 2710 2837] (female), Zhang Xiaoxia [1728 2556 7209] (female), Zhang Hongxing [1728 7703 5281], Abulaihaiti Keyoumu [7093 0008 0171 3189 2251 0344 1429 2606], Chen Bing [7115 0393], Chen Jun [7115 0193], Chen Jiukang [7115 0036 1660], Chen Ziwang [7115 1311 2598], Chen Weiguang [7115 0251 0342], Chen Sunwen [7115 1327 2429], Chen Zuoxian [7115 0155 0341], Chen Qichang [7115 0366 2490], Chen Chuikang [7115 0987 1660], Chen Xianhuang [7115 7359 3552], Chen Zhenchuan [7115 2182 1557], Chen Wusheng [7115 2745 3932], Chen Qingjie [7115 3237 3381], Chen Shusheng [7115 2540 3932], Chen Zengbo [7115 1073 2672], Chen Biguang [7115 3880 0342], Lin Youliang [2651 1429 5328], Lin Xianjian [2651 0103 0256], Zhuo Xianglai [0587 4382 7495], Luo Shuzhen [5012 3219 3791] (female), Jin Yonghong [6855 3057 3163], Jin Hulin [6855 5706 2651], Jin Guoting [6855 0948 2185], Jin Peiyang [6855 0160 3853] (female), Jin Zelan [6855 3419 5695] (female), Jin Lianshu [6855 5571 3219] (female), Zhou Rigui [0719 2480 6311], Zheng Xiaoyu [6774 4607 5505] (female), Dan Yihe [0830 0076 0735], Zhao Di (female), Zhao Chengxue [6392 2052 1331], Zhao Mingliang [6392 2494 0081], Zhao Bingyou [6392 3521 0645], Hao Fenglan [6787 7685 1526] (female), Rong Xianjie [2837 0341 2638] (female), Hu Yunfang [5170 0061 5364] (female), Hu Shuiquan [5170 3055 3123], Cha Shanding [2688 0810 1353], Duan Gongtian [3008 1872 3944], Yu Guoqing [0358 0948 1987], Shi Yi [2457 5030], Wen Yunfang [5113 7301 5364] (female), Xuan Guoying [1357 0948 5391] (female), He Yinsheng [6320 1377 3932], Yuan Xiaoyun [5913 2556 0061]

(female), Mo Yongfu [5459 3057 1381], Suolang Danzeng [4792 2597 0030 1073], Xia Xiaomei [1115 2556 2734] (female), Xia Zanzhong, Gu Zhiping [7357 1807 1627], Ni Zhirong [0242 1807 2837], Xu Fengxin [1776 7364 2450], Xu Wenqing [1776 2429 0615], Xu Zhongping [1776 0112 1627], Xu Xicheng [1776 6932 3397], Weng Qingshan [5040 7230 1472], Gao Chao, Gao Canhua [7559 3503 5478], Gao Zhongqian [7559 1813 6197], Gao Shuwen [7559 2885 2429], Gao Yingmin [7559 4134 3046], Gao Chongwu [7559 1504 2976], Guo Yingfu [6753 2503 1381], Tang Kebi [0781 0344 4310] (female), Tang Yanliang [0781 3601 2733], Niang Mai [1224 7796] (female), Sang Bu [2718 1580], Huang Min [7806 2404] (female), Huang Rujie [7806 3067 2234], Huang Senlin [7806 2773 2651], Cao Yulan [2580 3768 5695] (female), Cao Hanru [2580 3352 1172], Cao Jingwen [2580 7234 2429] (female), Sheng Zongchang [4141 1350 1603], Chang Muchang [1603 2606 2490], Zhang Fengxian [4545 7685 0103] (female), Shang Baokun, Liang Yongxin [2733 3057 0207], Wei Jianxing, Peng Yunhai [1756 0061 3189], Dong Yunqi, Jiang Wenliang [5592 2429 5328], Cheng Xiheng [4453 0823 0077], Fu Qingmin [0265 1987 3046], Fu Lisheng [0265 2621 3932], Fu Lianshun [0265 6647 7311], Fu Guiying [0265 2710 5391] (female), Jiao Zaiquan [3542 0375 3123], Xie Shaojiang [6200 4801 3068], Bai Shizhong [2369 0013 1813], Bao Jianbin [7637 1696 6333], Cai Deming [5591 1795 2494], Liao Wenzheng [1675 2429 2973], Xiong Changlu [3574 7022 6424], Teng Yilong [3326 0001 7893], Teng Xikui [3326 0823 7608], Pan Yiqing, Xue Zhaoyun (female), Huo Jingguang [7202 0079 1639] (female), Wei Yunping [7614 0336 1627], Wei Yaping [7614 0068 1627], and Qu Zugeng [4234 4371 1649].

Delegates Visit Wan Li, Bo Yibo

OW0211035693 Beijing XINHUA Domestic Service in Chinese 1357 GMT 27 Oct 93

[Text] Beijing, 27 Oct (XINHUA)—The delegations from Anhui and Shanxi to the 12th National Congress of the All-China Federation of Trade Unions paid separate calls on Comrades Wan Li and Bo Yibo yesterday.

Wan Li told delegates from Anhui that he cares about Anhui's workers and staff and its economic development. He pointed out that China needs to rely even more on the working class in establishing a socialist market economy.

It is understood that principal leading comrades of Shaanxi, Hainan, Sichuan, Anhui, Hubei, Yunnan, and Guangxi have called on trade union delegations respectively from their provinces or autonomous region at the locations where the delegations are staying.

Jiang Zemin Visits Credit Card System Show

OW0111130293 Beijing XINHUA in English 1239 GMT 1 Nov 93

[Text] Beijing, November 1 (XINHUA)—Chinese President Jiang Zemin visited an exhibition of credit card systems and banking equipment in Beijing today.

Sponsored by the People's Bank of China and the Ministry of Internal Trade, the exhibition was designated as a way to accelerate reforms of the financial system and to improve the means of settling transactions for the country's banks.

China now has issued 3.2 million credit cards with an annual transaction value of more than 30 billion yuan.

Eighteen Chinese and foreign corporations participated in the show.

Jiang Zemin said that it is very important for China to accelerate the development of the credit card business while it is making efforts to develop a socialist market economy.

He called for drawing on international experience in the business and using electronics technology in financial business.

Vice-premiers Zhu Rongji and Zou Jiahua also visited the show recently.

Zhu Rongji Addresses Industrial Pollution Forum

OW0111075693 Beijing XINHUA Domestic Service in Chinese 1224 GMT 25 Oct 93

[By RENMIN RIBAO reporter Liu Shian (0491 1102 1344) and XINHUA reporter Ji Jincheng (1323 6651 2052)]

[Text] Shanghai, 25 Oct (XINHUA)—The second national work conference on preventing and eliminating industrial pollution closed here today. Vice Premier Zhu Rongji attended and spoke at the conference.

The four-day conference reviewed achievements, experiences, and problems existing in the prevention and elimination of industrial pollution in China; analyzed the current industrial pollution situation; and outlined goals, tasks, and measures for preventing and eliminating industrial pollution in the nineties.

The conferees held: The international community has set a higher and stricter demand on environmental pollution. In view of some Chinese industrial enterprises' backward technology and equipment and extensive production and management methods, China is lagging far behind in meeting this demand. Therefore, it is necessary to seize opportunities to meet the challenge by ensuring a good job in preventing and eliminating industrial pollution and by striving to improve production and living environment, so as to facilitate a sustained, rapid, and healthy growth of the national economy.

The conferees emphasized: It is necessary to effect changes in the guidelines for preventing and eliminating industrial pollution in three areas: Emphasis of the basic strategy for preventing and eliminating industrial pollution must be shifted from terminal control of pollution to control throughout the entire industrial production

process; emphasis of the control over discharge of industrial pollutants must be shifted from the concentration of pollutants to the combination of concentration with total volume of pollutants; and emphasis of eliminating industrial pollution must be shifted from separate control of general sources to the combination of separate with centralized control. Meanwhile, the conferees pointed out: As clean production is one of China's important countermeasures on the environment and development, the relevant departments should step up the effort to formulate economic and technical policies and related control measures for promoting clean production.

The conferees also discussed and revised the "program on the targets for preventing and eliminating industrial pollution in the year 2000." They deemed the program as suitable for China's realities and to the demand for the overall goal for environmental protection in 2000. So long as efforts are made to strictly prevent new pollutants and so long as effective measures are taken to eliminate old pollutants, this goal can be realized.

Song Jian, state councillor and chairman of the State Council Commission on Environmental Protection, attended the closing ceremony today. He presented the award of "10 Top Antipollution Industrial Enterprises in China" to the Baoshan Iron and Steel Corporation and other units.

National Forum on Rural Propaganda Work Held
OW0211162993 Beijing XINHUA Domestic Service in
Chinese 0851 GMT 1 Nov 93

[By RENMIN RIBAO reporter Zhang Yan (1728 0917) and XINHUA reporter Shen Haixiong (1957 3189 7169)]

[Text] Hangzhou, 1 Nov (XINHUA)—"The basic task set for the current propaganda and ideological work in rural areas is to use Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics in arming rural party members and educating peasants, publicize and carry out the guidelines of the central rural work conference in an in-depth manner, further accelerate the overall implementation of the 14th CPC National Congress guidelines, and further promote and ensure vigorous development of reform, opening up, and modernization drive in rural areas." This is the demand put forward by Liu Yunshan, deputy head of the Propaganda Department of the CPC Central Committee, at a national forum on propaganda and ideological work in rural areas today.

The forum, which was organized and held by the Propaganda Department of the CPC Central Committee, was aimed at studying ways of thinking, approaches, and methods of strengthening and improving rural propaganda and ideological work in the conditions of a socialist market economy; ensuring the implementation of various general and specific policies defined and reiterated at the central rural work conference; further

accelerating the overall implementation of the 14th CPC National Congress guidelines; and promoting the development of the building of material and spiritual civilizations in rural areas. Personnel in charge of rural propaganda work from provincial, autonomous regional, and municipal party committee propaganda departments and secretaries from some prefectural, city, and county party committees attended the forum.

Liu Yunshan pointed out: During the course of establishing and perfecting our country's socialist market economy, we should emphasize the following questions in publicizing and carrying out the guidelines of the central rural work conference: First, we should step up publicity on the role of agriculture as the foundation of the national economy. We should use various effective forms of propaganda to make people understand better that the issue regarding agriculture, rural areas, and peasants is always a basic issue of great importance to the overall interests of the party and the state. We should persist in putting agriculture above all other economic work and under no circumstances should we waver over the role of agriculture as the foundation of the national economy. Second, we should further strengthen and intensify publicity for rural reform. We should do propaganda and ideological work painstakingly and carefully to implement a series of major policies and measures newly set forth by the CPC Central Committee. Third, we should stress the publicity for developing productive forces. We should do solid work to let the broad masses of cadres, party members, and peasants in the rural areas understand that the essence of socialism is to liberate and develop productive forces. Fourth, we should do a good job in publicizing the aiding-the-poor work and social security undertakings. Fifth, we should step up the study and publicity of social development trends in rural areas.

Liu Yunshan pointed out emphatically: To use Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics in arming all party members and in raising their awareness and staunchness in carrying out the party's basic line is a strategic task set by the 14th CPC National Congress for the whole party. The propaganda departments of party committees at all levels must further deepen their understanding and unremittingly and conscientiously consider the study, publicity, and implementation of the theory to be a top priority and a protracted mission in propaganda and ideological work, and constantly pay attention to them.

Liu Yunshan said: During the new period of historical development, economic construction is the party's central task, and propaganda and ideological work must unremittingly and effectively serve this central task in an down-to-earth manner. In rural areas, our current task is to continuously help peasants enhance awareness of the market economy and vigorously guide them to enter the track of a socialist market economy successfully.

At present, our country's rural economy is in the process of being fully transformed into a socialist market

economy. In light of the heated topics, doubts, and difficulties emerging in agricultural and rural works during the structural transformation process, comrades attending the forum seriously exchanged and discussed ways to enhance and improve propaganda and ideological work in rural areas. They reached consensus on the following: Improving ways and means of propaganda work, paying attention to the art of propaganda, and attaching importance to the propaganda results are of great importance in doing good rural propaganda and ideological work under the new situation. The methods of improving propaganda and ideological work in rural areas must adhere to the principle of laying stress on construction. On the basis of construction, we should establish an operational mechanism for rural propaganda and ideological work that meets the demands of the socialist market economy, fully play an exemplary role, and depend on and mobilize the public to open up a new prospect for rural propaganda and ideological work with a solid and creative work style.

Commentator on Propaganda Work

*HK0311081993 Beijing RENMIN RIBAO in Chinese
2 Nov 93 p 3*

[Commentator's article: "Earnestly Strengthen Propaganda and Ideological Work, Promote All-Round Progress of Rural Society"]

[Text] Under the new condition in which the whole party and the people of the whole country thoroughly study and implement Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the spirit of the 14th CPC Congress, and expedite reform, opening up, and modernization construction, the CPC Central Committee Propaganda Department convened the National Forum on Propaganda and Ideological Work in Rural Areas. This is of great significance to strengthening party leadership over rural work, ensuring the implementation of various policies decided on and reiterated by the central rural work conference, further promoting the overall implementation of the spirit of the 14th CPC Congress, and enabling agriculture and the rural economy to completely change track to a socialist market economy.

Strengthening propaganda and ideological work in the rural areas is objectively demanded by the efforts to strengthen the fundamental position of agriculture and to correctly solve the agricultural, rural, and peasant problems. To enable the party's theory and line in the new period and the party's basic principle and policy in the rural areas to be implemented in the rural areas and become the voluntary actions of the broad masses of grass-roots party members, cadres, and people, it is necessary to do a good job in propaganda and ideological work in the rural areas. At present, the establishment and perfection of the socialist market economy system in the rural areas, the adjustment of interest relations of various kinds, and the changes in thinking and concepts among the people need active and correct guidance from

propaganda and ideological work in rural areas. To enable peasants to have an easy mood, and further rally the enthusiasm of 900 million peasants for the struggle together, it is also necessary to do a good job in propaganda and ideological work in the rural areas.

To strengthen propaganda and ideological work in rural areas, it is necessary to insist on taking Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as the basic directive; adhere to the goal of training the new "four haves" peasants; take education on patriotism, collectivism, and socialism as the main rhythm; take the promotion of the liberation and the development of the productive forces and overall social progress as the starting point and foothold; insist on serving the central task of economic construction; emphasize the key task of construction; and diligently work for realizing the goal of building socialist new villages which have Chinese characteristics.

To carry out propaganda and ideological work in rural areas, it is necessary to proceed from the actual conditions of rural areas and peasants and to take effective measures. A series of the party's basic policies in rural areas is formed under the guidance of the theory of building socialism with Chinese characteristics, and is the concrete embodiment of the theory. When studying and publicizing the theory in rural areas, it is necessary to make an effort to publicize and implement the policies. It is necessary to pay attention to publicizing the advanced models of reform, opening up, and economic construction and to use the huge achievements in reform and construction to enlighten the peasants so that they can understand the importance of the theory of building socialism with Chinese characteristics to help them to grasp the basic spirit of the theory of building socialism with Chinese characteristics and to promote the building of socialist new villages which have Chinese characteristics.

To step up propaganda and ideological work in the rural areas, it is necessary to emphasize construction and base on establishment. It is necessary to establish a whole set of operational mechanisms for propaganda and ideological work which corresponds to the socialist market economy system in rural areas. It is necessary to establish a mechanism which ensures publicity and implementation of the party's principles and policies at the grass-roots level in rural areas to promote the implementation of the party's policies and give play to the huge might of these policies; it is necessary to establish a mechanism which continuously improves peasants' thinking, morals, and scientific and cultural qualities to effectively upgrade their ideological, moral, scientific, and cultural standards, to improve social habits in rural areas, and to enhance the ability of the broad masses of peasants to participate in market competition; it is necessary to establish a mechanism which brings about self-management and self-education among peasants to give play to the role of the people's grass-roots autonomous organizations in rural areas, and to extensively launch activities of self-management and self-education

of a mass nature so that peasants have training and improvement in the course of routine and extensive participation. It is necessary to perfect economic and social management in the rural areas, improve various kinds of collectivized services, develop health and medical undertakings, strengthen the building of villages and towns, and extensively influence and guide the thoughts and behavior of peasants through various angles, sides, and styles, in order to form healthy and upward social habits in rural areas.

It is necessary to strengthen party leadership over propaganda and ideological work in the rural areas, the party committees of various levels must upgrade understanding of the importance of doing a good job in propaganda and ideological work in the rural areas under the conditions of a market economy, and really put rural propaganda and ideological work on important agendas, and always study the work and make arrangements for it; it is necessary to give full play to the role of the departments in charge of propaganda and ideological work, earnestly strengthen the building of contingents and fronts, and provide them with the appropriate working conditions; it is necessary to organize and mobilize strengths from various quarters of society, properly carry out propaganda and ideological work, diligently form a new pattern in which the whole party and society attach importance to propaganda and ideological work to bring propaganda and ideological work in the rural areas to a new level.

Symposium Views Economy in International System

*HK0111105093 Beijing RENMIN RIBAO in Chinese
23 Oct 93 p 2*

[By reporter Zhang Liang (1728 0081): "China's Economy Faces Four Opportunities in the Course of Heading for the World"]

[Text] The "Contemporary International Relations" Editorial Department of the Chinese Institute of Contemporary International Relations recently held a symposium in Beijing entitled "China's Economy Moving Towards the World."

Attendees held the consensus view that the current international environment has provided China with opportunities to help its economy head for the world. The opportunities include: First, the developed Western nations have increasingly attached importance to their economic and trade relations with Asian countries, and they believe that the momentum of China's economic growth, which has great potential, will continue. They have expressed their willingness to strengthen economic and trade cooperation with China. Second, the relative political stability and rapid economic development of the East Asian region is conducive to further economic cooperation and exchanges between China and surrounding countries based on mutual benefit. Third,

Russia and the CIS nations, which are beset with difficulties and are effecting a change in their economic systems, lack cheap and reliable light industrial consumer goods, which has offered China the opportunity to export daily necessities and other everyday goods. Fourth, as many Third World nations undergo economic reform or readjustment, China's commodities, labor services, and technical equipment can meet their needs.

While heading for the world, those in attendance also insisted that China's economy faces a challenge.

The experts and scholars pointed out that, in over a decade or so, China has achieved marked successes in opening up to the outside world and has initially established a diversified structure in its foreign economy and trade.

Trade Ministry Reports on Foreign Investment

*OW0311132693 Beijing XINHUA in English 1245
GMT 3 Nov 93*

[Text] Beijing, November 3 (XINHUA)—In the first three quarters of this year, China approved 62,789 foreign-funded projects with a contracted value of over 83 billion U.S. dollars, newly-released statistics showed.

The figures show rises of 125 percent and 171 percent respectively over the same period last year.

According to the statistics, more than 15 billion U.S. dollars in foreign investment has been used since the beginning of this year.

An official from the Ministry of Foreign Trade and Economic Cooperation (MOFTEC) said that since 1979, when China initiated the twin policies of economic reform and opening up, 153,580 foreign-funded projects have been approved involving a contracted value of 192.96 billion U.S. dollars.

According to the MOFTEC official, China has witnessed five major trends in the introduction of foreign investment as follows:

- More larger-sized projects with advanced technology invested in by transnational corporations from Europe and North America;
- More foreign capital invested in the construction of such basic facilities as power, highways, railways, bridges and ports;
- More foreign investment in inland areas. As a result of opening of more cities along the border and inland, more and more foreign businessmen put their money into China's central and western regions. The growth rate of foreign investment in such areas last year was much higher than that of the coastal areas;
- More fields opened to foreign investors. To date, China has approved projects in the fields of finance, insurance, retail and construction of development areas on a trial basis;

—More joint-stock companies established. By the end of last year, China approved over 20 joint-stock companies with foreign investment.

The official said that 50,000 enterprises with foreign investment have started business, with five million Chinese employees. Most of those enterprises are well-run and make a profit.

Article on Enterprise Ownership, Management

HK0311072593 Beijing RENMIN RIBAO in Chinese
27 Oct 93 p 5

[Article by Tang Bingwu (3282 0014 0582): "An Important Step in Deepening Ownership and Management System Reform—on Authorized Operation of State-Owned Assets by Enterprise Groups"; first paragraph is RENMIN RIBAO editor's note]

[Text] Recently there have been press reports about experiments on the authorized operation of state-owned assets by eight enterprise groups including the Dongfeng Automobile Group and the No. 1 Automobile Group. Some readers wish to know the details of this experiment. For this reason, we asked Comrade Tang Bingqu, chief of the State Administration of State-Owned Assets, to talk about the relevant state policy and its implementation for our readers' reference.

In 1991, the State Council decided to form and develop some large enterprise groups to adjust the organizational structure of the enterprises and the industrial structure, to optimize the disposition of state-owned assets, to change direct government management of hundreds of thousands of small and medium-sized enterprises, to gradually reform the state-owned asset management system, to form a number of economically solid "enterprise groups," and to improve the competitiveness of state-owned enterprises.

To carry out this strategic arrangement, in September 1992, the State Administration of State-Owned Assets, the State Planning Commission, the State Structural Reform Commission, and the State Economic and Trade Commission (previously the State Council's Economic and Trade Office) issued a "Circular on Printing and Distributing Implementation Methods (for trial implementation) for Authorized Operation of State-Owned Assets by Enterprise Groups on an Experimental Basis." To make a success of this experiment, the relevant State Council department, decided on decided eight enterprise groups for the first experiment after consultations. They were: The Dongfeng Automobile Group, the Dongfang Electric Group, the China Heavy Automobile Group, the No. 1 Automobile Group, the China Five-Mine Group, the Tianjin Bohai Industrial Chemical Group, the Guizhou Aviation Industrial Group, and the China Textile Machinery Group. So far, with the exception of the China Five-Mine Group, experimental programs for seven enterprise groups have been approved, and they have formally conducted experiments.

The authorized operation of state-owned assets means that state-owned asset management departments authorize nucleus enterprises to exercise unified management over the state-owned assets of enterprises in a closely integrated stratum [jin mi ceng 4868 1378 1461] of enterprise groups. In other words, in the operation and management of group companies, ownership and management links will be formed between nucleus enterprises and enterprises in the closely integrated stratum so that nucleus enterprises will become the mother companies of enterprise groups, and enterprises in the closely integrated stratum will become branch companies, thus conglomerating their operations and displaying their strong points as a whole. The authorized operation of state-owned assets by enterprise groups does not deny the proprietary rights of the legal persons in enterprises in the closely integrated stratum. These branch companies of group companies are still independent legal persons enjoying operational autonomy. Mother companies will control or influence the major decisions of their branch companies according to asset relations through the board of directors, but they will not meddle in the daily operations of their branch companies.

After authorization, the board of directors of a mother company of an enterprise group generally has the following powers: It can decide the major operational matters of the group company and its fully capitalized [quan zi 0356 6327] branch company, or it can participate in deciding on the major operational matters of the shareholding branch company; it can decide on the disposition and management methods of state-owned assets within its authorization framework; it can decide the enterprise's organizational structure and leadership system; it can decide on the acquisition and merger of enterprises as well as the reorganization of their shares, asset transactions, and the transfer of ownership and management (shareholding rights); and it can raise proposals on these issues. A group company is responsible for preserving the value and growth of state-owned assets within the framework of authorization.

The significance of the experiment on the authorized operation of state-owned assets by enterprise groups lies in the following: First, after an enterprise group has obtained authorization, some fundamental changes will occur in a group company's operational form. According to the relations between ownership and management, it can operate affiliated enterprise capital as a special commodity. Apart from meeting the objective of adjusting its asset structure, enterprise organizational structure, and product mix, it can directly exercise "equity management." This was a new trend which appeared in the market economies after World War II. In other words, selling and buying an enterprise as a special commodity, strengthening a profitable enterprise, or transforming a loss-making enterprise will enable an enterprise whose stocks are under a mother company's control to remain profitable and speedily improve its economic results. Equity management cannot produce results by strengthening the internal management of a

single enterprise alone. We must understand the limits of a single enterprise's efforts and pay attention to the role of shareholding "financial groups" of an enterprise nature in operating assets. This experiment to improve the economic results of state-owned enterprises cannot be conducted by a single enterprise alone, nor can it be replaced by government macrocontrol and regulation.

Second, in the course of enterprise groups performing the authorized operation of state-owned assets, basic work will be carried out, such as verifying the assets of affiliated enterprises and registering their ownership and management relations. This is useful to forming a good idea of the actual situation of enterprises' state-owned assets and in laying a foundation for the government to carry out assessments of the capital and profits of enterprise groups. In the meantime, it is explicitly stipulated that an enterprise group must exercise the system of making tax payments with a percentage of its profits, separate its profits from taxes paid, retain post-tax profits for its enterprises, improve the financial structure of large and medium-sized state enterprises, increase the percentage of self-owned capital in its enterprises, and reduce financial risks so that the enterprise group can effectively roll a snow ball, enrich the financial resources of its large and medium-sized enterprises, and create a fine financial mechanism and conditions for the establishment of a modern enterprise system.

Third, authorized operation is beneficial to rationalizing the relations between ownership and management. The link between ownership and management formed between the mother company and enterprises in an enterprise group enables them to have explicit property relations. This also helps to define clearly the ownership and management relations between the state, which is the asset owner, and the group company, which is the equity manager as well as the commodity dealer. The state (as the owner) authorizes an explicit amount of state-owned assets (state-owned capital) to a group company for operations, whereas the enterprise group has explicit asset power and asset responsibility—responsibility for value preservation and the growth of state-owned assets. This will protect the rights and interests of the state and fully ensure the operational rights of the enterprise.

The authorized operation of state-owned assets by enterprises groups is still in an experimental period. We plan to form joint experimental groups with the relevant comprehensive departments and professional economic departments, study and set targets for the authorized operation of state-owned assets by enterprise groups, and clarify the key requirements for this experiment so that this experimental task will become very clear. The success of this experiment requires the concerted efforts of everyone, particularly the efforts of enterprises, which should create good experience in practice; it also needs the support and care of the entire society. To carefully treat this newly emerging thing, we should promptly and

conscientiously sum up successful experiences in authorizing enterprise groups for the management of state-owned assets. After obtaining comparatively explicit conclusions, we will gradually expand the scope of implementation in a planned way with the approval of the relevant department.

Article Discusses Developing Money Market

HK0111073493 Beijing JINGJI YANJIU in Chinese No 7, 20 Jul 93 pp 43-47

[By Song Yangyan (1345 7402 8827): "Some Issues on Cultivating and Developing the Money Market"]

[Text] The money market is an important component in the market system, and the cultivation and development of money markets has become an important issue concerning the establishment and perfection of the new socialist market economic system.

Since the Third Plenary Session of the 11th Central Committee of the Chinese Communist Party, the year 1984 in particular, the money market system, including the capital market, stock market, bond market, inter-bank placement market, bill market, and foreign exchange market, is now gradually taking shape, forming the basic framework of our money market, and laying a preliminary foundation for the development of our money market. However, the development of our money market is far from satisfying the demand of national economic development. As compared with reform in other fields, the money market in our real life demonstrates a great inconsistency with the demand of national economic development due to its lagging. Therefore, to make our money market suit the real need of the new socialist market economic system and meet the requirement of the development of our national economy, an essential reform must be carried out and accelerated. In my view, the "main phases of attack" in the reform and development of our money market shall include the following main aspects:

I. Introduce Enterprise Practices in the Management of Professional Banks as Soon as Possible

An important problem we are now facing is that our banks are more like a subsidiary to the government organ rather than a bank because they are severely interfered with by the government and that they have little decision-making power and have not yet become real economic entities that are truly responsible for their own management decisions, profits, and losses; that practice self-restraint; and that develop on their own initiative.

Just for this reason, there is an urgent need for the introduction of enterprise practices to the reform of professional banks. With a view of the past and the future, the following steps are advisable for the reform of professional banks: First, to handle correctly the relationship between policy business and operational business, draw a clear demarcation between the two, and

practice open management in operational businesses with respect to finance, scale, auditing, account management, etc. Second, let banks at the basic level have more decision-making power in their own management and enable them to have flexible and pin-pointed operational management according to the difference of their respective places. Third, break down barriers between regions concerning financial arrangements and facilitate the internal exchange of banks. Fourth, minimize the administrative interference between the headquarters and their branches among the banks and straighten out normal business exchange between headquarters and branches as well as the relationship between instructing and being instructed. As for the shareholding commercial banks already existing at present, they should also sum up their experience constantly, improve their economic mechanism with more branches and larger coverage and play a more important role as a commercialized bank. Judging from this development, the professional banks shall gradually become commercial banks or commercial professional banks in the process of their commercialization.

II. Promote the Integration Between Banking Business and Factory Industry

In looking at the contemporary economic history of the developed countries, we can easily find that there exists a consistent law of development between banking business and factory industry, that is, from integration to separation and then from separation to integration. At the initial developing period of capitalism, the banking business was first separated from factory industries based on the development of market economy and then developed into the powerful financial industry including banks. With the development of financial industry, the development of factory industry was pushed ahead, forming a very close relationship between the banking business and factory industry. On the one hand, the development of factory industry calls for the support of banks; on the other, banks need the guidance and protection of the factory industry in looking for financial sources and minimizing risk in loaning. With this development, banking business not only broadened and strengthened its original function—depositing and loaning—but also created and developed some new functions such as offering securities and industrial participation. Then came the closer exchange, mutual infiltration, interactive accommodation, and concurrent growth between banking and factories, thus having promoted the development of the national economy as a whole. In this respect, Lenin once said that the mutual infiltration and accommodation of industrial capital and banking capital has created the capital and financial oligarchy, and that the bank “has become the omnipotent monopolist from simply a go-between. However, this understanding of “financial capital” is much one-sided from today’s point of view, since we only witnessed its decaying aspect without noticing its progressiveness. The integration between banking and the factory industry is still in the mainstream even today and maintaining, as

ever, the prosperity of the capitalist economy. For instance, the integration between banking and the factory industry (including commerce, real estate, manufacturing, etc.) has brought into existence shareholding companies everywhere in Hong Kong with a firm control of the economic lifelines and the general orientation of economic development in Hong Kong. According to statistics, the 10 consortia combining banking business with factory industry in Hong Kong are now holding 48.54 percent of the shares. In Japan, of the first 10 largest shareholders in Toyota Motor Company Limited, eight are from financial institutions. The world-famous enterprises such as Mitsubishi and Mitsui are all the multiprofessional trades with the combination of electronic and financial industries.

But it is not true to say that there is no integration of the banking and factory industries in China. Since reform and opening up, the relationship between banking business and factory industry has become closer than ever. Some professional banks have begun to invest in enterprises. For example, the Construction Bank of China invested 80 million yuan and 11.7 million yuan in the China State Housing and Real Estate Development Corporation and the China Leasing Company Limited, respectively, in 1981 and appointed a deputy chairman of directors and a managing director to each of them. In 1984, some banks in special economic zones also began to establish shareholding enterprises together with the industrial departments in the form of equity participation. Some banks in coastal open cities and technology development areas also participated in the business activities in enterprises. All this has shown that the banking business has begun to infiltrate factory industries. However, it must be noticed that this integration is quite limited as compared to the large scale of our national economy, not to say that this participation and combination is rather loosely and irregularly organized without being closely related as lips and teeth. On the whole, this has not changed the old practice of banks having entire control of the circulating capital of enterprises. As a matter of fact, the banks so far have not yet changed their role as a “cashier” or “accountant” for factory industries. Therefore, the existing banking system must be changed. For one thing, they must participate in business activities of enterprises and shoulder the heavy task of developing and promoting the national economy together with factory industry.

III. Develop the Money Market With Great Efforts and Standardize and Institutionalize Its Behavior

Judging from the present situation, the money market in China is small, irregular in organization, and poor in management. All this remains to be improved in the economic reform.

As far as our stock market is concerned, there exists the phenomenon of “four insufficients”: Insufficient stock markets, an insufficient variety of listed stocks, an insufficient number of listing companies, and an insufficient amount of transaction. Such a situation is far

from the demand of market economic development. In order to bring about a change of this phenomenon, we must strive to develop various kinds of money markets, including stock market and standardize its behavior as much as we can.

—To create some qualified main bodies for the money market. On money market, the state represented by governments at different levels is naturally the main body of money market. Judging from conditions in different countries, it is still the main trend for the state to utilize money markets in raising funds to cover the shortfalls of the national treasury. Another main body of the money market is the professional and commercial banks. The past experience shows that we must begin our work from professional and commercial banks, especially the professional banks, in improving the function of the money market and in bringing the money market into fuller display. However, in order to broaden the business scope of money markets, we also have to establish some new financial institutions to survive and compete with the professional banks. Then, we must make enterprises become the real main body of the money market, and, to do this, we must enable enterprises to participate in the activities of the money market of their free will. Only when enterprises become the qualified main body of the money market can the money market be developed and improved fundamentally. Finally, judging from this development, more and more working individuals of the broad masses will become the main body of the money market. Since the reform and opening up in China, the income of the urban dwellers has been increasing constantly, and in some regions this increase is even more rapid. Apart from devoting part of their income to the needs of their daily life, they will use the rest in financial activities such as bank deposits and purchasing stocks and various kinds of securities. By the end of 1992, there were individual financial assets of about 1.3 trillion yuan. Therefore, to make the urban individuals become the main body of the money market, to bring their enthusiasm into play, and to encourage them to participate in money market activities effectively will greatly help in consolidating the stability of the national economy.

—To further develop and improve the nonbanking financial institutions. With the development of financial undertakings, many nonbanking financial institutions—such as financial leasing companies, securities companies, trust companies, credit estimation companies, investment funds management companies, group enterprises financial companies, and insurance companies—have come into existence and developed successively. Enthusiastic support should be given to them and enable them to improve and develop more rapidly. We should also develop actively the urban credit cooperatives. In places where conditions permit, we may establish as an experiment the urban cooperative bank consisting of urban credit cooperatives to provide services for the individual business

households and small-scale collective enterprises. In order to tap new financial resources for money markets, we should also encourage various kinds of social funds—mainly the trade union funds, pension funds, medical insurance funds, children's welfare funds, relief funds, educational funds, religious funds, and various kinds of celebrities funds—to participate in monetary market activities. The development and perfection of financial institutions means the prosperity and flourish of the money market.

—To enlarge properly the business scope of the money market. We should develop gradually the issuance of bonds and stocks as well as the transferring market, and, on this basis, work actively to create conditions and choose right places to open more security exchanges and enlarge securities trading. On the basis of improving financial short-term money business, we should also develop medium- and long-term money business and bring the professional bank financing adjustment into market practice. We should establish the national money center on the basis of the existing interbank money market, perform listing money business and free exchange, break the regional blockade, and guide rationally the flow of capital. We should be active in developing foreign exchange market, carry on foreign exchange interbank money business, begin as an experiment the long-term foreign exchange transaction, enlarge the exchange market adjustment scope, and promote the formation of a unified national foreign exchange market. We should be active in beginning some financial future sales to provide the commodity futures market with reliable financial services. It is proposed to establish international money markets in places such as Shanghai, Shenzhen, and Hainan so as to have the free foreign exchange and gold trade. We should enhance the exchange and contact of these markets with international monetary markets in order to help these places develop into international financial centers as early as possible.

IV. To Perfect the Operational Mechanism of the Money Market and Give the Interest Mechanism Better Play in Readjusting the Relationship Between Capital Supply and Capital Demand

In money markets, the most fundamental and essential mechanism is the interest mechanism. Interest is the value of funds or capital. Its fluctuation reflects the supply-demand situation of the money market and, at the same time, readjusts this supply-demand relationship of the funds or capital. For instance, in 1988 the government once stopped the boiling inflation and soaring prices by means of increasing savings interest and managing the value-ensured savings deposit. We are now again facing the threat of boiling inflation and soaring prices, mainly due to overheated investment growth. What should we do? From a financial point of view, one of the important measures is to increase properly the interest rate and adopt the value-ensured savings deposit. By "properly," we mean that it is in proportion to price increases. Generally speaking, the

deposit interest rates must be higher than the increase rate of commodity prices to guarantee that people would not suffer from depreciation due to price increases, and then deposit savings would be attractive to them and play the role of stabilizing the commodity price, the economy, the people, and society. But how is the real situation today? Commodity prices are now increasing rapidly. Statistics from the State Statistical Bureau show that, of 35 cities, the retail price index in the first three months of the year increased 15.7 percent, among which Beijing is 14.6 percent, Shanghai 16.7 percent, and Guangzhou is 17.8 percent. With a developing point of view, in the other nine months of the year, commodity prices may still increase greatly for the reason that the overheated investment and industrial production will push up the price of productive materials, the investment price in particular. Judging from the situation of the first three months of the year, the state-owned enterprises accomplished fixed asset investment of 58.8 billion yuan, an increase of 70.7 percent over the same period last year, among which the accomplished investment of local projects increased 80.9 percent over the same period last year, 37.6 percent higher than the central government project investment. The investment of self-raised capital increased 92.4 percent over the same period last year. Therefore, the price of industrial consumer goods this year will be affected, on the one hand, by cost increases resulting from the soaring of upstream product prices and, on the other, by the growth of consumer demand resulting from the rapid increase of people's income. The cost-of-living index of urban dwellers this year will be affected similarly in two aspects: One is the transformation of basic daily necessities, such as gas, electricity, transport, and house rent, from welfare prices to commodity prices; and the other is the rapid increase of the demand for "income-flexible" services (such as telecommunication and travel). These two aspects will push the services price much higher than the industrial consumer goods. Special attention must be paid by departments concerned to such a severe situation we are now facing and relevant measures must be taken to deal with it. Financially, we should raise interest, reestablish the currency, and stabilize the price. Nevertheless, as the first four months slipped by, no measure was taken. What is more worth our concern is that there is tension in the banks as March this year witnessed more withdrawing and less saving, a phenomenon used to be called "deposit rates dropping," but today is named "absolute deposit-rate dropping." This month alone saw a drop of 4.4 billion yuan.

Some say that the "chill of deposit" is a result of the "fever of stocks." But this is not true, as the reality is that there is an astonishing "chill of bonds" among securities. In some of the bond exchanges, visitors are few and far between. It is true that there is a "fever of stocks" and this "fever of stocks" may divert the flow of part of the bank savings; however, the "fever of stocks" is not the essential explanation for the "chill of deposits," and the fundamental reason for this is still the fact that the deposit interest rate is too low. On the contrary,

the "chill of deposit" is, to a certain extent, the reason (at least one of the reasons) for the "fever of stocks" as people prefer buying stocks to depositing in the bank simply because they are afraid of depreciation and expect that they may retain or increase the value in stocks. If such a situation remains, the commodity price would keep soaring rapidly.

Undoubtedly, the course of the new system replacing the old and the market practice of interest rates cannot be accomplished at one stroke, but can advance gradually as the economic efficiency of the state-owned enterprises is still rather low. However, as banks begin their enterprise operation gradually and fund procurement takes the way of market practice step by step, it will be an unavoidable truth that the interest rate will fluctuate according to the change of money demand and supply. Therefore, it is undoubtedly logical to increase the interest rates properly as the money supply at present is extremely scarce.

V. To Strengthen Macro Control of the Central Bank Over Money Markets

The central bank, as the state's highest decision-making and adjustment organization in finance, must exercise macro control, organization, and coordination for the money market, and guide it to engage in normal operation.

In implementing monetary policy and readjusting the economy, the general practices of the central banks in Western developed countries are as follows:

1. The practice of reserves against deposit system; that is, through the readjustment of reserves against the deposit rate to influence loans and investment as so to regulate and control the money supply.
2. The practice of the rediscount rate system; that is, taking advantage of the fluctuation of discounts and rediscount rates to bring into play the role of interest rates as a lever in readjusting credit scale and quantity so as to exercise an all-round control over the money market.
3. The practice of buying and selling on the stock system; that is, the central bank may, taking advantage of its strong economic strength and making use of the securities exchanges, participate in financial market activities, control the money market, and guide the market in its normal operation by bulk purchasing or bulk selling of the securities in accordance with the supply and demand of the monetary market.

A central bank is, in essence, the bank of circulation or the bank of banks. It is the bank that exercises macro-control. Therefore, it should take advantage of its priority and special position to make a due contribution; that is, to assume a good control over the two "floodgates" in macro control: The money supply or the "floodgate" of money in circulation, and the "floodgate" for the entire credit scale. However, our central bank failed to assume good control over the two "floodgates."

Take the year 1992 for example, bank loans increased 19.6 percent over 1991; the total amount of cash supply increased 36.4 percent, 19 percentage points higher than the sum of economic growth and commodity price increase. It is fair to say that both money supply and money circulation are out of control. As a result, the year witnessed a financial deficit of 23 billion yuan. The real deficit could be even higher as we have not yet deducted the internal and external debts from the debt as the Western countries do in their calculation. The real deficit could be 80 billion yuan. If the situation goes on like this, the result could be incredibly serious in 1993.

At present, we should spare no effort to strengthen the role of the central bank in exercising macro control so as to create a favorable condition. At the same time, we should do our best in reforming the traditional system of the central bank, in which various kinds of malpractices have been brought into existence with the following in particular: The overstaffed organizations, the unlimited business scope, the chaotic management, etc. As compared with the American Federal Reserve Bank with only 12 local banks, 25 branches, and 2000 employees, the People's Bank of China has 2400 branches and 160,000 staff and workers. The real function of a central bank should be the exercise of macro control over national finances, but our central bank is even engaging in such business as the trade of gold ornaments. Obviously, it is impossible for such a bank to assume macro control without thoroughly transforming its function in reform.

VI. To Consolidate the Legal System of Money Markets

The consolidation of a legal system of monetary market is of great importance for the perfection of the monetary market system and the regulation of monetary market action. In the course of cultivating a monetary market, any activity on the monetary market is related to the legal system. With the development of monetary market and the complicatedness of various kinds of financial relationships thereafter, it is very difficult to ensure a healthy development of the monetary market without a perfect and effective legal system.

The legal system construction of the monetary market is a long process that cannot be accomplished in one move. Therefore, work should be done in order of importance and urgency systematically. At present, there is an urgency for the formulation and promulgation of the following laws: the Company Law, Securities Law, Law for the Administration of Security Exchanges, Securities Investment and Trust Law, Law for Interbank Loan Control, Bankruptcy Law, etc. Meanwhile, the Bank Law, the Insurance Law, and the Law for Exchange Control should also be formulated. No law is immutable, so we sum up our experience in real practice and, if necessary, make any necessary amendment through legal procedures. We are unable to keep pace with the changes if we do not formulate these laws until everything is mature.

Moreover, in order to put the monetary market in legal practice, we should also speed up the reform of the accounting, auditing, and liquidating system; adopt gradually the accounting system amended in accordance with the internationally recognized accounting principles; and reform our auditing system. We should standardize gradually all the bills and notes used in settling accounts and make wider use of the means of payment such as checks and credit cards, thus increasing the flexibility, liquidity, and safety of the bills and notes.

The State Securities Supervision and Control Commission has been established and it should strengthen its control over the securities market and its responsibility for inspection. China's Securities Association, as a self-disciplined securities organization, should also pay more attention to the changes of the monetary market, study various kinds of problems found in the operation of securities market, and put forward without delay its opinions and ways for the solution to the problems. They should assist relevant authorities in assuming self-management with a view to bringing about a more standardized and more healthy development of the securities market.

Maanshan Iron, Steel Company To Issue 'A Shares'

OW0111134293 Beijing XINHUA in English 1221
GMT 1 Nov 93

[Text] Hefei, November 1 (XINHUA)—The Maanshan Iron and Steel Company Ltd (Magang), in eastern Anhui Province, will float A shares in the near future.

It signed a sales contract with Guotai Securities Company Ltd two days ago, under which Guotai will handle the issuance and sale of the shares.

Magang is one of the largest iron and steel conglomerates in China and the largest industrial enterprise in Anhui. It now has an annual production capacity of 2.3 million tons of iron, 2.4 million tons of steel and 1.9 million tons of rolled steel.

In 1992, 66 percent of its products met international standards, some of which were sold abroad.

The company ranked 25th on the list of the top 500 Chinese industrial enterprises in terms of sales volume last year.

It was designated by the State Council as one of the nine state-owned enterprises to experiment with the shareholding system in 1992.

Recently, it raised about 4.3 billion yuan in Hong Kong through the issuance of H shares. It will be listed in the Hong Kong United Stock Exchange on November 3.

Magang's A shares will be launched in 15 cities and prefectures in Anhui, and are expected to be listed at the Shanghai Stock Exchange at the end of this year or early next year.

Of the nine shareholding system experimental enterprises, Magang is the largest issuer of both H shares and A shares. It has collected 3.93 billion Hong Kong dollars through the issuance of H shares and it will collect about 2.2 billion yuan by floating A shares.

To List 'H Shares' in Hong Kong

OW0211033193 Beijing XINHUA in English 0302
GMT 2 Nov 93

[Text] Hefei, November 2 (XINHUA)—The Maanshan Iron and Steel Company Ltd (Magang), in east China's Anhui Province, is to list its H-shares on the Hong Kong stock exchange tomorrow.

Magang is one of the nine large state-owned enterprises which the State Council has instructed to experiment with the shareholding system and issue shares both on the Chinese mainland and Hong Kong.

The company will float 438 million shares worth a total of 994 million H.K. Dollars tomorrow in Hong Kong, representing one fourth of its total issuance.

Moreover, about 1.3 billion shares are planned to be launched in Hong Kong as well as foreign countries in the near future, of which 45 percent will be issued in Asia, 35 percent in the United States and 20 percent in Europe.

The company's H-share voucher issuance was wound up at noon on October 26 with active response from potential buyers in Hong Kong. Before that, vouched stock capital involving 69 billion H.K. Dollars had been raised in Hong Kong, a 68-fold rise over the planned figure.

Official Views Development of Futures Markets

HK0211134093 Beijing RENMIN RIBAO in Chinese
27 Oct 93 p 5

[By staff reporter Pan Gang (3382 1511): "How Futures Markets Develop in Healthy Manner—Interviewing Cao Tiandian, Deputy Director of the State Administration for Industry and Commerce"]

[Text] Following stock and bond transactions, futures transactions have become another focus of common concern. Why should we develop futures transactions? How can we guarantee that futures markets will follow a path of healthy development from the very beginning? This reporter recently interviewed Cao Tiandian, deputy director of the State Administration for Industry and Commerce:

The Emergence of Futures Markets Is Not Only an Inevitable Outcome of Reform and Opening Up, but Also an Objective Need of the Development of a Socialist Market System

[Pan Gang] Over the past one or two years, various localities in our country were highly enthusiastic about

running futures markets, and many enterprises and individuals also asked to participate in futures transactions. May I ask what is the reason for the emergence of futures markets in our country?

[Cao Tiandian] This is because economic development calls for a variety of market forms, and a unitary spot market cannot meet the development needs of a modern market economy. In developed countries, futures transactions have proved an effective market behavior. With the deepening of our country's economic restructuring, more and more enterprises are beginning to orient themselves toward the market, and enterprises bear a greater market risk; the prices of agricultural sideline products and of raw and processed materials fluctuate widely, and economic contracts cannot be fulfilled effectively, and phenomena exist which disturb normal economic development, such as enterprises mutually in arrears with payment for goods so that debt chains are formed. All these reasons inevitably lead to the emergence of futures markets. With futures markets, enterprises are given a choice of avoiding or dispersing risk.

On the other hand, some state-owned enterprises providing goods and materials, town and township enterprises under collective ownership, and private and individual household industrial and commercial traders are ready to invest some of their funds in futures markets, which entails high risks but can earn huge profits. Particularly when stock market prices are low, some individual household traders will shift their funds to futures transactions and will make profits through the buying and selling of contracts. Hence, the futures market and futures brokerage firms gradually are emerging.

We should say that the objective of establishing a socialist market economy, as put forward by the 14th CPC Congress, created conditions for the development of futures markets. More and more people are attaching importance to the important role of futures markets, which are considered as a component of the complete, unified, fair, and competitive socialist market economy.

The Blind Establishment of Futures Markets, Substandard Transaction Behavior, and a Lack of Corresponding Management Measures Are Problems That Require Attention in Developing Futures Markets

[Pan] It is inevitable for futures markets to emerge, and various localities are highly enthusiastic about initiating futures markets. Then, why are so many futures markets merely nominal, and why has the lively atmosphere seen when the business began always turned into lackluster operations later? Would you please brief us on the major problems arising in the development of futures markets in our country?

[Cao] The major reasons for many futures markets to be merely nominal and in a state of semiclosure are a lack of necessary conditions for initiating futures markets and a failure to strictly observe the objective law of futures markets. Some places have established future markets in

a hasty way, without even a clear idea of what a futures market is, what kind of commodities can be traded in a futures market, and the basic rules of futures market operations. They also are engaging in futures transactions of some commodities, such as coal and rolled steel, which are not suitable for standardization and are difficult to trade as futures. Some localities are even engaging in futures transactions in aquatic products, watermelons, and Chinese medicinal materials. Moreover, there is a phenomenon of a certain commodity being traded in various futures markets.

The problems of substandard transactions and a lack of laws and regulations to control futures markets are very outstanding. Since established futures markets are subordinate to different administrative departments, each of them has laid down its own rules and regulations. Some of the markets also are vested with administrative grades or even with certain administrative means. Some futures brokerage firms have a strong administrative coloring. The major reason for the emergence of these problems is a lack of corresponding administrative measures of futures brokerage firms.

Futures Markets Are Very Speculative and Risky, Which Must Steadily Develop Under the Macroscopic Regulation and Unified Supervision by the State

[Pan] What measures have been taken by the State Administration of Industry and Commerce to deal with these problems that have arisen in our country's futures markets? Which problems, do you think, must be solved as soon as possible in order to develop futures markets?

[Cao] From the beginning of this year onward, the State Administration of Industry and Commerce successively dispatched investigation teams to various localities to investigate futures markets and futures brokerage firms, and on the basis of soliciting opinions from the general public, promulgated on 28 April the "Tentative Method for the Registration and Administration of Futures Brokerage Firms." Viewed from the feedback from various sides, some domestic and foreign experts held that this "Method" was relatively comprehensive and in line with reality. They held that these were the first rules and regulations for futures development in China, which would help promote the healthy development of the futures business.

Futures transactions are very speculative and risky, which must steadily develop under the macroscopic regulation and unified supervision by the state. Hence, in general, the phenomenon of establishing a number of domestic trading houses for the same commodity hardly exists in foreign countries, and merely several or a dozen trading houses are set up in each country. In addition, the most important conditions for developing futures markets are to work out unified national laws and regulations and to set up a unified administrative organ for futures markets. Every country must have a set of strict requirements on rules and regulations for futures transactions, such as those related to the qualifications of

brokers and brokerage firms, the requirements for minimum capital amount, settlement companies, the handling of client orders, the saving of clients' funds, the content of accounting forms, and the self-discipline and management of trading houses. At present, the State Administration of Industry and Commerce is studying, in accordance with the State Council's instructions, the establishment of a supervisory organ for futures markets and its related legislation issues.

Minister on Telephone Installation 'Irregularities'

OW0111010093 Beijing XINHUA Domestic Service in Chinese 0346 GMT 28 Oct 93

[Text] Beijing, 28 Oct (XINHUA)—Wu Jichuan, minister of posts and telecommunications, recently emphasized: It is imperative to tackle irregularities in telephone installations as a major task in the drive to rectify unhealthy practices in various trades and professions. While handling applications for, installing, moving, or repairing telephones, city telephone employees are absolutely not allowed to go to dinner, accept gifts, or solicit money and goods; to make things difficult for or retaliate against subscribers; and to raise subscription fees or interrupt their telecommunications without authorization. The time limit for installing a telephone must be strictly observed. A subscriber who has paid the initial installation fee must have the telephone installed within six months. Interest payments based on the savings deposit interest rate must be made to the subscriber when installation exceeds the time limit. Installations of more than 90 percent of subscribers on the waiting lists, who already paid the initial fee before the end of 1992, must be completed before the end of this year. It is necessary to increase the transparency of telephone installations and accept supervision of subscribers by publishing the areas, numbers, and dates of telephones that will become available. It is also necessary to simplify the installation procedures and give a definite reply to applicants for telephone installations within 15 days.

Because of the existence of contradictions between supply and demand, telephone installation is a long-standing problem in the posts and telecommunications departments, and a few posts and telecommunications workers and staff often use telephones to seek selfish gains. The masses are rather critical of the following problems: Some city telephone employees who have direct contacts with subscribers solicit and accept money and goods as a precondition for handling applications, installing, moving, and repairing telephones. Some employees go so far as to brazenly ask for several hundred or over 1,000 yuan from one application. A subscriber who does not pay the illicit fee will not have the telephone installed or connected, or will have the telephone disconnected and telecommunication interrupted after it is installed.

The minister pointed out: These acts have seriously corroded the minds of posts and telecommunications workers and staff, and have tainted the credibility of

posts and telecommunications departments. We must take decisive measures to resolutely eliminate such irregularities in our departments.

The minister also demanded strict enforcement of the time limit for telephone repairs. Breakdowns of handsets not related to cables should be repaired within 24 hours; and within 72 hours if they are related to cables. The subscription fee must be stopped immediately if the breakdown cannot be repaired.

Customs Regulations on Laboratory Test of Goods

HK011134893 Beijing ZHONGGUO XINWEN SHE
in Chinese 1310 GMT 19 Oct 93

[Text] Beijing, 19 Oct (ZHONGGUO XINWEN SHE)—China's General Administration of Customs today promulgated the "Regulations of the PRC Customs on Appraisal of Import and Export Goods Through Laboratory Examination." These regulations came into force as of 1 October 1993.

According to the regulations, in the event that import and export goods declared by the consigners, consignees, or their agents (to be referred to as persons concerned for short) meet with any of the following circumstances, sample verification is necessary if the substance of goods cannot be confirmed by on-the-spot examination: The customs are unable to correctly classify the categories of tax items for the goods owing to unclear declaration of their names and descriptions or insufficient supply of technical data; documents are incomplete or there are discrepancies between documents and goods; persons concerned are suspected of making false or deceptive declarations; and other goods that are subject to verification in line with pertinent stipulations.

When the customs intends to take goods samples, the persons concerned should comply with the requirements of the customs and arrive at the sites on time as designated, and be responsible for moving, opening, and repackaging the goods to help the customs obtain the samples for examination. The customs may take delivery of goods samples by themselves if necessary.

The samples in duplicate taken from the goods should be sealed on the spot. At the same time, the "Application Form of the Chinese Customs for Appraisal of Import and Export Goods Through Laboratory Examination" (to be referred to as application form for short) in duplicate should be filled in. Having been signed by the executive customs personnel and the persons concerned, a copy of the application form and a sample will be sent by the customs to the examination center, and the other application form and sample will be kept by the customs as records.

The persons concerned should provide relevant documents and technical data concerning the goods for examination according to the customs' requirements. The customs will give protection to the technological secrets of the goods in accordance with the law.

Conclusions on the technical verification of the goods should be made by the examination center within 15 days from the date on which it receives the application form and sample of the goods, and a "Certificate of the Chinese Customs on Appraisal of Import and Export Goods Through Laboratory Examination" (to be referred to as certificate of appraisal for short) should be issued and sent to the pertinent customs.

Prior to the issuance of certificate of appraisal, if the persons concerned request the clearance of goods in advance, written applications should be made to the customs and cash deposit should be paid as collateral.

The customs should make administrative decisions according to the certificate of appraisal and pertinent regulations, and should notify the persons concerned of the results, while the persons concerned should go through relevant procedures in the customs within seven days from the date on which they receive the customs' notice.

Shipping Among 'Most Advanced' in World

HK0111070493 Beijing RENMIN RIBAO in Chinese
23 Oct 93 p 2

[By reporter Zhang Ailing (1728 1947 3781): "China Ranks Among the World's Advanced Countries in Ocean Shipping"]

[Text] Our country's ocean shipping, which relies on advanced technical equipment and management to actively compete in the international shipping market in the midst of reform and opening up, already ranks among the most advanced in the world.

According to statistics, our country now has 1,980 ocean-going ships, with shipping lines spreading over 1,100 ports of more than 150 countries and regions, among which container transport, with characterized by being large in scale, rapid, and comprehensively managed by computers, has been ranked among the 10 best in the world. The annual volume of ocean shipping and the annual foreign exchange earned currently exceed 200 million tons and \$5 billion, respectively.

Our country has a long coastline and a vast sea area, and over 90 percent of imports and exports rely on sea transportation. Over the past few years, our country's foreign trade has developed rapidly, with the volume of imports and exports progressively increasing at an annual rate of 18 percent. Meanwhile, competition in the international shipping market is increasingly keen. Faced with the opportunity and challenge, the departments of ocean transportation, with the China Ocean Shipping Company at the core, rely on neither preferential policies nor state protection but rather on advanced technical equipment and modernized management to take part in market competition. While aiming at advanced international container transportation and its corresponding computerized management, scientific and technological personnel are organized to jointly handle

the task so as to enable our country to realize modern management in the late 1980's, such as utilizing international maritime satellites to communicate with and guide the navigation of ships worldwide and utilizing computers to monitor global meteorology and ships' positions on a big screen, thus establishing our country's position in the international shipping market.

As the most advanced element of the international shipping market, cargo shipping has become the mainstay of our country's ocean shipping from 1986. Our country has opened 63 international cargo shipping lines, and every month 250 ships on regular schedules will sail to various major ports around the world. The punctuality rate for key cargo ships was up to 100 percent for three consecutive years.

The scale of our country's ocean shipping keeps expanding, thus ensuring the fulfillment of the tasks of our country's imports and exports and of earning foreign exchange. Moreover, due to contracting transportation of other countries' goods, our country's ocean shipping earns over \$5 billion of nontrade foreign exchange on behalf of the state.

Agriculture Minister on Raising Rural Incomes

HK0311065693 Beijing CHINA DAILY in English 3
Nov 93 p 1

[By staff reporter Wang Yonghong: "Vow Made To Raise Farm Yield and Pay"]

[Text] The country's top agricultural official has vowed that his ministry will make every possible effort to bring about a simultaneous increase in both farm output and farmers' income in China.

A sustained growth in agricultural production along with a steady rise in the income of 900 million rural residents in Chinese countryside is not only crucial to the economic and social development of the country, but also conducive to peace and stability in the world, said Minister of Agriculture Liu Jiang.

"More efforts should be made to arouse the enthusiasm of farmers, grassroots rural officials and agro-technicians in agricultural production," said Liu at a recent ministry meeting.

The meeting focused on developing a programme to realize the goals proposed by the Party's top leader at the National Conference on Agriculture held by the Party Central Committee early last month.

How to ensure a steady growth in grain and cotton output was listed as a top priority for the ministry next year, according to the ministry's new programme.

A detailed plan is being drafted for the establishment of more grain and cotton-producing centers including 500 key staple grain-producing counties and 150 key high-grade cotton-producing counties.

Currently, there are already 478 key grain-producing counties and 160 major cotton-producing counties that have been playing an important role in ensuring the country's farm production.

All attention and investments must lean towards the development of those major grain and cotton-producing areas, said the minister.

Meanwhile, the ministry will encourage diversifying agricultural production with high-yield and high-quality breeds and varieties so as to bring more economic benefits to farmers.

For this purpose, the ministry will take steps to import more improved varieties from abroad, according to the draft plan.

The ministry also plans to establish more pilot zones to produce different high-yield, high-efficiency and high-quality farm products in different areas.

"To lighten burdens on farmers is still one of the major works for the ministry," Minister Liu said.

The regulations of punishment for aggravating such burdens are to be drafted soon so as to afford farmers a legal tool to protect their rights.

The increasing financial and labour burdens on farmers have caused widespread grievances, prompting the Party and government to take quick corrective measures.

Central-South Region

Hainan Leader Studies Deng Theory

HK0211105593 Haikou Hainan People's Radio
Network in Mandarin 2300 GMT 27 Oct 93

[Text] Yesterday morning, Ruan Chongwu, provincial party committee secretary and governor, who is currently attending a course on Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics at the Central Party School, cordially called on the Hainan comrades attending courses at the Central Party School at the moment and urged them to conscientiously study and master Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics.

Comrade Ruan Chongwu is currently attending the aforementioned course at the Central Party School, a course attended by the principal leaders in charge of China's provinces, autonomous regions, municipalities, and state ministries.

A total of 13 Hainan comrades are attending courses at the Central Party School this fall, including: Wang Houhong, member of the standing committee of the provincial party committee and secretary general, as well as 12 comrades in charge of the provincial departments concerned.

After inquiring of the Hainan comrades about their studies, health, and livelihood, Comrade Ruan Chongwu stated: Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics should be taken as Marxism in contemporary China. He called on the Hainan comrades to focus on studying Comrade Deng Xiaoping's market economic theory; grasp both the basic viewpoints and essence of Comrade Deng Xiaoping's theory; conscientiously ponder, exchange views on, and tackle a series of key issues in light of Hainan's realities; bring about a theoretical takeoff; provide Hainan's reform and opening up with theoretical guidance and impetus; and strive to have a vigorous socialist market mechanism established in the socialist special economic region.

Comrade Ruan Chongwu also had a group photo taken with all the Hainan comrades currently attending courses at the Central Party School.

Hainan Reports 'Good Economic Situation' Jan-Sep

HK0311001093 Beijing ZHONGGUO XINWEN SHE
in English 0744 GMT 2 Nov 93

[Text] Haikou, November 2 (CNS)—According to the Hainan Provincial Statistical Bureau, Hainan saw good economic operations in the first nine months of this year with its gross domestic product (GDP) exceeding RMB [renminbi] 11.7 billion, 17.5 percent up over the same period last year. Several factors were apparent in this sector.

First, industrial production continued its rapid growth. In this period the industrial output value at township level and above realized RMB 5.78 billion, 30.8 percent, of which the growth of state-owned industry was 31.6 percent while the growth of three type foreign-funded industries was 25.7 percent. Heavy industry increased by 53.3 percent and light industry by 22 percent. The ratio of product sales to their production was 93.8 percent.

Second, investment in fixed assets increased rapidly with the total amount of such investment in this period reaching RMB 6.764 billion, 107.9 percent up. Of this sum, RMB 2.45 billion went into the construction of commodity housing, 99.2 percent up and 69 percent of the total investment in basic facilities was put into tertiary industry.

Third, utilization of foreign capital made considerable progress with 2,513 three type foreign-funded enterprises approved in this period, 1.3 times up with contractual foreign investment of US\$3.01 billion, 1.6 times up and actual utilization of foreign capital of US\$379 million, 84 percent up.

Fourth, the market was flourishing with retail sales of commodities in this period accounting for RMB 4.91 billion, 35.7 percent up.

The above shows that the economic development in the province in the first nine months of the year was generally good. It had, however, also some problems.

First, grain production was dropping with the grain harvest in the first half of this year reduced by over 80,000 tonnes while grain production in the second half of the year will still be in a serious state.

Second, under the influence of the state's tightening of the money supply, investment in real estate in the province started shrinking. Compared with that in May this year, the areas of housing completion and sales in September dropped by 79.2 percent and 73.1 percent.

Third, exports were sliding with the total export value in the first nine months down by 14.5 percent while imports increased greatly with the total amount reaching US\$1.159 billion, 1.16 times up.

Fourth, international tourism was not so good. Except for visitors from Taiwan, visitors from other foreign sources were down by varying degrees. The total number of overseas visitors to the province in this period was over 170,000, eight percent down.

Henan Secretary Meets Trade Union Deputies

HK0311073493 Zhengzhou Henan People's Radio
Network in Mandarin 1030 GMT 28 Oct 93

[Text] On the evening of 26 October, provincial CPC committee Secretary Li Changchun, as well as Zhang Deguang, a member of the provincial party committee standing committee, both of whom are currently

studying in Beijing, called on Henan deputies to the 12th Congress of All-China Federation of Trade Unions [ACFTU] held in Beijing.

Comrade Li Changchun and Comrade Zhang Deguang inquired in great detail of the Henan deputies about economic development and the livelihood of staff and workers in their own areas. They also laid down concrete requirements on how Henan should implement the spirit of the 12th ACFTU Congress.

Secretary Li Changchun stated: The congratulatory speech and work report made by Comrade Hu Jintao on behalf of the CPC Central Committee are indeed two important documents. Henan comrades should try to acquire an in-depth understanding of those two documents and relay the 12th ACFTU Congress spirit back in Henan. Henan's working class are the main force in the province's economic rejuvenation drive and should fully play their role in building a socialist market economy. When relaying the 12th ACFTU Congress spirit back in Henan, Henan deputies should try to integrate the epochal spirit with the fine spirit of the people of central China to form a powerful ideological weapon. Henan deputies should also work hard to unite and mobilize all staff and workers across the province so that they will throw themselves into the country's reform, opening up, and modernization drive, thereby expediting Henan's economic rejuvenation.

Henan Governor Addresses Meeting on Rural Work

HK0311084093 Zhengzhou Henan People's Radio Network in Mandarin 1030 GMT 28 Oct 93

[Text] The provincial government held a meeting this morning attended by all provincial department directors and bureau chiefs.

Vice Governor Li Chengyu relayed at the meeting the spirit of a recently concluded central rural work conference and spelt out arrangements for implementing the spirit of the central rural work conference throughout the province.

Li Chengyu stated: In order to successfully implement the spirit of the central rural work conference to the letter, members of the provincial party committee standing committee have tentatively decided on convening a provincial rural work conference at the end of December. Therefore, relevant departments directly under the provincial authorities should waste no time in preparing for the forthcoming provincial conference by immediately unfolding in-depth investigations and studies as well as the necessary calculations so as to quickly come up with a number of specific measures for handling a total of eight issues, including stabilizing and refining all types of responsibility systems, especially the system of contract responsibility on a household basis with remuneration linked to output and the two-tier operative mechanism integrating centralization and decentralization; assisting grain and cotton growing

areas; increasing agricultural inputs; concentrating efforts on assisting and developing poverty-stricken areas; popularizing advanced farming technologies; stabilizing the ranks of agriculture-oriented scientific and technological personnel; deepening supply and marketing system reform; as well as stepping up village-level party organizations building by focusing on party branches.

Li Chengyu called on all relevant departments across the province to organize personnel, further coordinate efforts, and take the initiative to strengthen cooperation among themselves in order to make sufficient preparations for and make a success of the upcoming provincial rural work conference.

Vice Governor Fan Qinchun also delivered an important speech at the meeting where he addressed a number of issues, including the formulation of the provincial national economic development plan for 1994, the provincial capital construction plan for 1994, and others.

Governor Ma Zhongcheng delivered a speech at the end of the meeting in which he stated: This meeting is of great importance. All departments concerned across the province should conscientiously relay and implement the spirit of this meeting, study and work out specific measures to implement the spirit of this meeting in light of local realities, and redouble efforts to fulfill and overfulfill the province's 1993 national economic development quotas.

Those attending the meeting included provincial vice governors Zhang Shiyong and Yao Zhongmin as well as principal leaders in charge of the various provincial departments, bureaus, and commissions concerned.

Reportage on Hunan Secretary Activities

Discusses Party Building

HK0111132693 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 24 Oct 93

[Text] After listening to work reports by the provincial discipline inspection commission, the provincial supervision department, the provincial party committee's rural work and organization departments, and some other units, provincial party committee Secretary Wang Maolin recently wrote a letter to comrades in charge of the relevant departments in which he expressed his views on how to successfully build grass-roots party organizations and improve the work style of grass-roots cadres in rural areas. In his letter, Secretary Wang Maolin laid down the following five views:

1. Party committees at all levels, especially county party committees, should conscientiously analyze the current relations between the cadres and the masses, as well as the situation of party branches and village-level party organizations in rural areas; identify major problems

plaguing such relations; learn the exact number of problematic villages, as well as paralyzed or semiparalyzed party branches; and map out specific measures to resolve their problems;

2. After the busy farming seasons this winter and next spring, organization departments and rural work departments at all levels across the province should work out appropriate plans so that party branch secretaries and village committee directors in each and every county across the province will be educated, by stages and in groups, on the party's basic line. Education on party discipline and state laws also should be conducted among all village cadres with the help of advanced models;

3. While conducting education among the party membership on the mass line, party discipline, and state laws, party committees at both the county and township levels should send personnel to various problematic villages to help tackle problems on the spot. Nevertheless, self-rectification and self-investigation should remain the principal form of education. Particular attention should be given to major and serious cases of law breaking and discipline violations which have caused strong resentment among the masses;

4. The departments concerned should continually and conscientiously implement a series of measures mapped out by the provincial party committee and government to lighten the burden on peasants and eradicate indiscriminate fines, charges, and apportionments, thereby practically putting an end to all sorts of unreasonable charges;

5. The departments concerned should strengthen leadership over building grass-roots party organizations in rural areas. The relevant provincial departments should jointly set up a small, but efficient ad hoc group to take charge of this work.

Addresses Work Conference

HK0311060493 Changsha Hunan People's Radio
Network in Mandarin 2300 GMT 28 Oct 93

[Text] A five-day provincial work conference on the individual and private economy ended in Shaodong on the afternoon of 27 October.

Provincial CPC committee Secretary Wang Maolin attended and delivered an important speech at the conference in which he fully affirmed Hunan's achievements in the development of the individual and private economies as well as the contributions made by Hunan's individual and private economies since reform and opening up.

Comrade Wang Maolin called on party committees and governments at all levels in Hunan to further heighten their understanding of the development of the individual and private economies; further emancipate the mind; become bolder and freer in this regard; earnestly

strengthen leadership over the development of the individual and private economies; develop the individual and private economies with the same amount of energy, boldness, and enthusiasm they have displayed in developing the publicly owned economy, township and town enterprises, as well as enterprises run with foreign capital, overseas Chinese capital, and with both Chinese and foreign capital; and strive to develop the individual and private economies into a rising sector in Hunan's economy.

Hu Biao, a member of the provincial party committee standing committee and secretary general, read out a provincial party committee and government decision commending some 20 advanced units who had excelled in the development of the individual and private economies and conferred medals on those units.

Vice Governor Zhou Shichang delivered the concluding speech at the conference. He called on all areas across the province to conscientiously relay and implement the spirit of the conference, and, in particular, conscientiously relay and organize people to study Comrade Wang Maolin's speech, Comrade Yang Zhengwu's report, and the provincial party committee and government decision on quickening the pace of growth in the individual and private economies.

Zhou Shichang stated: Relevant departments directly under the provincial authorities, as well as all prefectures, autonomous prefectures, and cities across the province, should try to work out specific measures to implement all the aforementioned documents before 15 November. To this end, he noted, all departments and areas across the province should assign specific tasks to each and every county, township, and village; strengthen leadership over the nonpublicly owned economic sector; and devote more energy to tackling major problems plaguing the individual and private economies.

Hunan Governor Addresses Government Meeting

HK0211073493 Changsha Hunan People's Radio
Network in Mandarin 2300 GMT 27 Oct 93

[Text] The provincial government convened yesterday afternoon a second enlarged plenary meeting which made arrangements for the current provincial work.

The enlarged plenary meeting was attended by a number of provincial party, government, and military leaders, including: provincial Governor Chen Bangzhu, Chu Bo, Wang Keying, Zheng Peimin, Zhou Bohua, Tang Zhixiang, Pan Guiyu, Yang Huixian, Deng Youzhi, Xiao Qiuru, and others.

Chu Bo, a member of the provincial party committee standing committee and provincial executive vice governor, presided over the enlarged plenary meeting at which Chen Bangzhu, provincial party committee deputy secretary and provincial governor, delivered an important speech.

Comrade Chen Bangzhu said in his speech: This year, Hunan has scored marked results in reform, opening up, and economic construction; maintained a sound rural economic momentum; registered a fast but steady industrial growth; struck a basic balance between industrial production and industrial sales; continually increased investment in fixed assets at a fast pace; further improved the investment structure; raised the export trade volume; and increased the amount of invited foreign capital by about 100 percent.

Comrade Chen Bangzhu pointed out: At present, the province's economic work is still being plagued by a series of outstanding problems, including: a lack of circulation funds on the part of enterprises, abnormal production and operations, a lack of forceful and feasible measures aimed at optimizing investment in fixed assets, duplicate construction, financial problems, social contradictions, and so on. These problems have unquestionably impaired the province's economic growth and undermined social stability in the province as well. In view of this situation, all levels and departments across the province should heighten vigilance against and strive to tackle all existing problems.

Provincial Governor Chen Bangzhu called for firmly grasping the following aspects of work:

1. To strengthen present economic work and fulfill this year's tasks;
2. To gear economic work to economic structural readjustment and economic efficiency improvement;
3. To actively study the market situation, respond to market changes, readjust the industrial structure and product mix in light of market changes, and plan production in accordance with market demand;
4. To continue to firmly grasp two work aspects at the same time. To this end, all levels and departments, especially principal leaders in charge of all party and government organs across the province, should firmly grasp two work aspects at the same time. At present, we should mainly try to push ahead with the ongoing anticorruption struggle, strengthen determination in furthering the struggle, and strive for success at each and every stage of the ongoing struggle.

Comrade Chen Bangzhu emphatically pointed out: As the new year is approaching with each passing day, all levels and departments across the province should cut down on the number of commendatory and reward-giving activities and strictly ban the practice of distributing cash and goods among staff and workers.

Hunan Reports Economic Situation Jan-Sep

HK0111035093 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 26 Oct 93

[Text] The provincial statistical bureau held a briefing yesterday at which it reported on the provincial macroeconomic situation in the January-September period of this year.

It was revealed that, in the first three quarters of this year, the province successfully maintained a sustained, healthy, fast-paced, but not overheated economic growth with the result that the province's overall macroeconomic efficiency increased to a certain degree. Since implementing the state macroeconomic regulation and control measures, the province's economic environment and order showed continued improvement, with the result that the province's overall economic situation has remained sound and healthy ever since.

The province's accumulated total industrial output value realized at and above the township level in the first nine months of this year topped 67.2 billion yuan, representing a 14.3 percent increase over the corresponding period of last year. As regards the province's key farm products, grain and oil crop outputs decreased somewhat as a result of the agricultural structural readjustment and a number of serious natural calamities. Other farm crop outputs increased by a large margin, however.

This year, investment in the province's fixed assets has maintained an approximately 50 percent growth. Thanks to the state macroeconomic regulation and control measures, the province has seen a series of favorable investment structural changes. The province's tertiary industrial investment has also maintained a sound momentum and so has the province's construction of key projects.

After witnessing a downturn in July, the province's foreign trade volume quickly picked up. By the end of September, the province's total foreign trade volume had reached \$1.46 billion, representing a 1.1 percent increase over the same period of last year.

The statistics show that the province's overall economic efficiency gradually improved in the January-September period. The total sales volume realized by the province's budgetary industrial enterprises topped 28.1 billion yuan, while the total amount of profits and taxes realized by the same enterprises reached 2.94 billion yuan, representing a 35 percent increase and a 32 percent increase over the corresponding period of last year respectively.

Although the overall economic situation has remained sound and healthy, the province's economic operation is still being hampered by some longstanding problems at the moment, such as: growing economic restraints, difficulties caused by fast-paced and high-quality economic operation, potentially escalating inflation, rapid price hikes, and so on.

In view of the situation, as they embark on economic work at present and in the immediate future, the provincial authorities called on all areas and departments throughout the province to adopt practical and feasible measures to maximize macroeconomic regulation and control achievements, to expedite the growth and development of all positive elements, to reduce restraints imposed by all negative factors, and to strive to ensure a comprehensive provincial national economic growth this year.

Southwest Region

Guizhou Secretary on Town Enterprise Development

HK0211133493 Guiyang Guizhou People's Radio
Network in Mandarin 2300 GMT 27 Oct 93

[Text] A provincial town and township enterprise work conference concluded yesterday, calling on all areas across the province to unswervingly implement the principle of vigorously developing and upgrading town and township enterprises, and to vigorously push the development of the province's town and township enterprises onto a new stage.

The conference was convened to review the province's development of town and township enterprises, to sum up and exchange the province's experiences in town and township enterprise development, and to discuss and plan the province's development of town and township enterprises in 1994.

Vice Governor Yuan Ronggui delivered a speech at the conference in which he gave a brief account of the province's present town and township enterprise development, and called for focusing on the following six aspects in work to develop town and township enterprises across the province in 1994:

1. To quicken the pace of town and township enterprise development;
2. To continually implement the joint-stock cooperative system with an eye to perfecting the contracted operational mechanism, deepening enterprise reform, and optimizing enterprise mechanisms;
3. To place the development of town and township enterprises in the economic development plans at all levels across the province; distribute town and township enterprises rationally; and work out sound development plans for town and township enterprises, as well as plans for building town- or township-based small industrial zones with a view to further pushing ahead with the province's town and township enterprise development;
4. To raise funds through various channels and increase financial investment in the development of town and township enterprises;
5. To apply advanced technology and implement scientific management in order to boost enterprise economic efficiency;
6. To make vigorous efforts to open up more new markets and to expedite commodity circulation.

Provincial party committee Secretary Liu Fangren also delivered a speech at the conference in which he called on leaders at all levels across the province to further heighten their understanding; to take town and township enterprise development as a vital link in the province's rural economic growth, and even in the province's

overall economic growth; and to strengthen leadership over and improve the management of all town and township enterprises across the province.

Liu Fangren emphatically stressed: We should further relax policy control over town and township enterprises; actively implement the joint-stock cooperative system; go all-out to develop individually run, privately run, foreign-funded, and Taiwan-funded enterprises; contract, lease, and even sell all inefficient township-run or village-run enterprises; implement the town and township enterprise operational mechanism, as well as relevant policies in those enterprises that are run jointly by town and township enterprises on the one hand, and military enterprises, state-run enterprises, institutions of higher learning, or scientific research units on the other; continually implement all the relevant measures formulated by the provincial party committee and government in enterprises run, participated in, and assisted by personnel made redundant from military enterprises, state-run enterprises, institutions of higher learning, or scientific research units, and from party and government organs as well.

In conclusion, Liu Fangren called on all areas across the province to conduct a general examination of the situation in the implementation of the provincial party committee and government decision on accelerating the pace of town and township enterprise development, to sum up their work at the end of the year, to make flawless work arrangements for next year, to look for outstanding problems and countermeasures, and to strive for faster town and township enterprise development across the province.

Also attending yesterday's conference were: Liang Mingde, deputy secretary of the provincial party committee; Wang Anze, vice chairman of the standing committee of the provincial people's congress; and others.

Sichuan Aids Three Gorges Reservoir Area

OW3010133193 Beijing XINHUA in English 1302
GMT 30 Oct 93

[Text] Chongqing, October 30 (XINHUA)—Chongqing City in southwest China's Sichuan Province is mobilizing people and enterprises to aid development and construction of the areas of the Three Gorges Reservoir.

The city has set up a special committee to take charge of the aid program.

Since 1992, Chongqing has sent more than 700 professors, engineers and technicians from 10 universities and colleges to the counties and cities in the areas of the Three Gorges Reservoir.

The universities and colleges in Chongqing have also undertaken about 560 scientific and technological development projects with total funds of more than 23 million yuan.

Chongqing University last year assigned staff members from nine departments to the reservoir areas for investigation and signed 15 contracts on the development of new building materials with the local government.

Chongqing Construction Engineering College has undertaken the planning and designing of new towns to be built in Yunyang County, Fengdu County and Fuling City.

To meet the demands of the development of the reservoir areas, the universities and colleges also recruited more than 600 students from the areas. The students are now majoring in the fields of salt chemistry, automatic instruments and modern management and accounting.

Chongqing has set up a Three Gorges Professional College which is now offering courses to 200 students majoring in tourism, economic management and accounting.

More than 50 enterprises in Chongqing now are undertaking 80 more projects in the reservoir areas with investment of more than 40 million yuan.

The Chongqing Iron and Steel Company invested 10 million yuan in a subsidiary named Three Gorges Iron and Steel Corporation.

In Wanxian City, the corporation has set up a small steel rolling mill with an annual output of 10,000 tons.

Sichuan Farmers 'Forced' To Use Promissory Notes

HK0311065493 Hong Kong *SOUTH CHINA MORNING POST* in English 3 Nov 93 p 10

[Report by Geoffrey Crothall in Beijing]

[Text] Farmers in China's largest province, Sichuan, are being forced to use promissory notes—known as "green slips"—instead of cash to purchase goods and services because of a chronic shortage of capital in the rural banking system, according to a recently published economic report.

The report, entitled, *A Quality Inspection Tour Of China*, claims there are up to 600 million yuan (about HK\$804 billion) [second figure as published] worth of green slips currently circulating in Sichuan, causing additional hardships for farmers already burdened by falling incomes and high local taxes.

The farmers have been forced to use green slips because local post offices do not have enough capital to cash the thousands of money orders remitted each week from relatives working outside the province.

Green slips are so prevalent in Sichuan now they have virtually become a second currency, being used to pay for fertiliser, pesticides and for payment of taxes and local government levies.

However, there is a limited range of goods and services which green slips can legitimately purchase, forcing farmers to exchange their slips for cash at a significant discount on a growing black market.

The report cited the case of one farmer in Two Plank Bridge Township who could only get 140 yuan in cash from a local dealer for his 700 yuan money order.

The exploitation of farmers by black market dealers had caused great hardship for large sections of the rural population in Sichuan, the report said. "We don't dare even haggle [over the price offered by the black market dealers] for fear they won't accept (our green slips)," one woman from Two Plank Bridge was quoted as saying.

Farmers in Sichuan have been particularly hard hit by the drive for faster economic growth advocated by paramount leader Deng Xiaoping.

Funds traditionally used for agriculture have been diverted by local government officials into industrial, manufacturing and real estate ventures. Farmers have been issued IOUs instead of cash for their agricultural produce. Now, even when relatives leave to find work in other provinces, farmers cannot benefit because the money orders sent back cannot be cashed.

The Governor of Sichuan, Xiao Yang, has stated recently that the situation in rural Sichuan is improving but admitted the province still had a long way to go in resolving all the problems engendered by economic reform. There have been several documented cases of peasant riots this year and most analysts expect the situation to deteriorate further before it gets any better.

Tibetan Lamas End Tour of Inland Regions

OW2810143193 Beijing *XINHUA* in English 1414 GMT 28 Oct 93

[Text] Lhasa, October 28 (XINHUA)—Twenty-nine Tibetan lamas ended a month-long tour of the inland regions and returned to Lhasa today.

The lamas, all holding responsible positions in Tibetan monasteries' democratic management committees, visited monasteries, other tourist attractions, and economic development zones in Shanghai, Beijing, and the coastal province of Zhejiang.

Summing up his impressions on the inland regions, Gyaincain Lobu, living Buddha of the Xiari Monastery and vice-president of the Nagqu Regional Buddhist Association, said that the economic development of the inland areas has brought not only a rich life to local people, but also a new vital energy to the life of monasteries.

"Therefore, we have become more resolute in guarding the unity of our motherland and unity of all nationalities," he said.

Nyima, who used to work with the deceased Panchen Lama, said: "What we have seen and heard is all about reform and opening and economic development."

"Everywhere, we have felt the hope of our motherland and that hope has deepened our patriotic feelings further," he said.

The lamas were touched by the experience of a poor village getting rich at a drastic speed in north China's Shanxi Province.

Farmers of the Jiuyuanxin village in the suburbs of Taiyuan city have moved into tall buildings from caves and bungalows, with their per capita income increasing to more than 5,000 yuan (862 U.S. dollars) from only 100 yuan in 1982.

In Tibet, the average annual income is 490 yuan.

Raiqen Dandzimjigme, a renowned living Buddha in Tibet, said that the village has provided a useful example for Tibet and its monasteries.

The lamas, most of whom visited the inland for the first time, also expressed gratitude for the hospitality and care shown them during the tour by local governments and people.

Yunnan Governor Addresses Executive Meeting

*HK0311041893 Kunming Yunnan People's Radio
Network in Mandarin 1000 GMT 28 Oct 93*

[Text] The provincial government convened its fifth executive meeting, which was presided over by provincial Governor He Zhiqiang, yesterday morning.

At yesterday morning's executive meeting, which put forward 10 proposals on shifting the operational mechanism of large and medium enterprises, comrades in charge of the provincial economic and trade commission reported in great detail on the development of Yunnan's large and medium enterprises, their problems, and the current measures aimed at improving the province's large and medium enterprises.

The comrades in charge of the provincial branch of the People's Bank of China, the provincial branch of the Industrial and Commercial Bank of China, the provincial auditing bureau, and the provincial planning commission also delivered speeches on improving large and medium enterprises in light of the realities in their respective departments.

Provincial Governor He Zhiqiang delivered a speech at the meeting, saying: Since Comrade Deng Xiaoping made a series of important speeches during his South China tour, Yunnan's large and medium enterprises have embarked on faster growth. Since implementing the central regulations and measures aimed at improving large and medium enterprises, these enterprises in Yunnan have acquired more vitality, and several enterprise groups have mushroomed on both domestic and

international markets. These enterprise groups have since played a leading and backbone role in expediting Yunnan's economic growth. Nevertheless, we should remain sober-minded, because the majority of Yunnan's large and medium state-run enterprises have also run into a host of difficulties and problems in their pursuit of faster growth. Some large and medium enterprises have already suspended production. This situation merits our attention!

He Zhiqiang presented the following 10 proposals, which aim to shift the operational mechanisms and improve the operation of large and medium enterprises:

1. To further consolidate the predominant position of large and medium enterprises in Yunnan's national economy;
2. The governments at all levels in Yunnan should attach great importance to the market, study it constantly, and strive to open up new markets;
3. To try to increase funds in circulating by 1 billion yuan as well as invigorate 1 billion yuan of circulating funds in order to resolve the most outstanding problems that large and medium enterprises are currently confronting;
4. To maintain continuity in policy. The policies promulgated by the provincial government in this regard should remain unchanged this year;
5. The enterprises should make every possible effort to tap their own latent potential by developing a spirit of self-reliance; should strive for progress by making strenuous efforts; and should improve operations even further by deepening the three systems reform, applying advanced science and technology, and strengthening management;
6. To advocate living a plain life and practicing economy, establish a self-restriction mechanism within each and every enterprise and step up auditing work;
7. Governments at all levels in Yunnan should speed up their functional transformation and should create a favorable external environment for enterprises. Moreover, government functional departments should provide enterprises with quality services and help enterprises resolve problems where needed;
8. To further implement the central regulations and measures aimed at improving the operation of large and medium enterprises;
9. To redouble efforts to turn losses into profits, with an emphasis on a group of key enterprises;
10. To strengthen macroeconomic regulation and control and gradually create conditions favorable to fair competition and coordinated development.

Also attending the provincial government executive meeting were provincial Vice Governors Li Jiating, Wang Guangxian, Liu Jing, and Huang Bingsheng.

Yunnan Bureau Reports Economic Figures

HK011111693 Kunming Yunnan People's Radio
Network in Mandarin 1000 GMT 26 Oct 93

[Text] At a news briefing held by the provincial statistics bureau yesterday afternoon our station reporter learned that the province's economic growth maintained a relatively good momentum in the first three quarters of this year. Preliminary statistics indicate that the province's gross national product reached 39.2 billion yuan in the January-September period.

Thanks to the gradual implementation of the state macroeconomic regulation and control measures, the province's economic operation took a fundamental turn for the better in the first three quarters of the year: The province's industrial production registered a steady growth and yielded better economic efficiency. The province's total industrial output value registered growth of 12.7 percent over the corresponding period last year. The total amount of profits reaped by the state-owned budgetary industrial enterprises topped 871 million yuan, representing growth of 110 percent over the same period last year. The province also reaped a good summer grain harvest, witnessed comprehensive rural economic growth, and enjoyed steady growth in animal husbandry production. The per capita subsistence income of urban residents rose to 1,732 yuan while the cash income of peasants rose to 501 yuan, representing increases of 8.7 percent and 5.5 percent, respectively, over the same period last year, with inflation factored in.

The figures released by the provincial statistics bureau also show: In spite of the initial success of the province's macroeconomic regulation and control, the province's economic operation is still plagued by a number of longstanding problems at the moment, such as excessive scale of investment, excessive scale of construction, a lukewarm financial situation, excessive currency input, rapid price hikes, slow rural market growth, an expanding gap between urban and rural areas, lack of funds and growing debts among enterprises, fresh problems pertaining to agricultural production, and so on.

In view of the situation, the provincial statistics bureau demanded that forceful and feasible measures be taken to ensure and bring about sustained and steady provincial economic growth in the fourth quarter of the year.

North Region

Hebei Secretary's Speech on Economic Work

SK2810000493 Shijiazhuang HEBEI RIBAO in
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["Excerpts" of speech by Cheng Weigao, secretary of the provincial party committee, at the provincial meeting of

secretaries of prefectural and city party committees; place and date not given: "Actually Grasp the Three Items of Work, With Economic Construction as the Center"]

[Text] The central topic of this meeting is to further unify thoughts and ideas and to study and arrange for the current work in accordance with the important instructions given by the central authorities recently and in line with Hebei's situation. In line with the situation of this meeting and with the opinions of the standing committee of the provincial party committee, I will dwell on the following six issues.

1. Correctly Grasp the Current Situation, and Actively Develop the Good Situation

Since the beginning of this year, the province's economic and political situation has been very good in general.

Guided by the important speeches made by Comrade Deng Xiaoping during his south China trip and by the guidelines of the 14th party congress, cadres at all levels and the broad masses of the people have conscientiously studied and implemented the guidelines of the sixth plenary session of the fourth provincial party committee and the first meeting of the eighth provincial people's congress. As a result, their confidence in seizing the opportunity to accelerate development has been reinforced, the objective of invigorating Hebei and building an economically strong province has struck root in the hearts of the people, and the whole province has wholeheartedly considered and engaged in the economy. Since the beginning of this year, in accordance with the important instructions given by the CPC Central Committee and the State Council on strengthening agriculture and the rural work and on protecting peasants' interests, party committees and governments at all levels have conscientiously screened and straightened out the excessive burdens on peasants and have set forth many preferential policies, thus further mobilizing the initiative of numerous peasants in production. Under the situation of serious natural calamities, through the struggle against natural calamities, grain, cotton, and edible oil production will probably have relatively good results. Forestry, fruit, animal husbandry, and aquatic products industry have developed further. Township and town enterprises developed rapidly in the first eight months of this year. Rural reform has deepened, a relatively good result has been achieved in the county-level comprehensive reform, and the newly initiated shareholding cooperative system has manifested its great vitality. On the industrial front, the province has further implemented the "enterprise law" and "regulations," and has emphatically grasped the work of changing government functions and delegating powers to enterprises, thus making enterprises gradually obtain autonomy. At the same time, we have positively explored the forms to carry out the shareholding system and various other kinds of public ownership, and have promoted various items of subsidiary reforms, thus enhancing the vitality of state-owned enterprises and

making the comprehensive level of economic efficiency higher than that of the nonstate-owned enterprises. From January to August, the industry at or above the township level continued to maintain rapid increases based on last year's rapid increase. Various targets of industrial development, economic targets in particular, have been better than the average level of the state. Key capital construction and technological transformation projects of good quality have been completed rapidly. Activities of the 1993 Hebei scientific and technological progress year has yielded some results in promoting industrial and agricultural production. The province also has expanded the scale of opening to the outside world and to other domestic places. The total export volume in the first eight months of this year showed an increase of 20.5 percent over the corresponding period last year. Foreign-invested enterprises of the three types that were newly registered and contracted have doubled and redoubled. A number of newly established foreign-invested enterprises of the three types have been put into production, and the amount of foreign funds actually utilized increased by 81.8 percent.

To solve conspicuous problems in economic development for the past three months, party committees and governments at all levels have followed the instruction of central authorities on improving and strengthening macroeconomic regulation and control to strictly enforce monetary, financial, and economic disciplines, beginning with the rectification of banking order. As a result, the confusion interrupting the monetary, financial, and tax order basically has been checked, savings deposits have picked up by a large margin, and financial and tax revenues have increased. At the same time, blind capital construction has been checked, and the development of development zones and the real estate trade have gradually reached a normal orbit after being consolidated. The emphasis of the entire economic work is shifting towards deepening reform, changing mechanisms, readjusting structure, and improving efficiency.

The province has continued to maintain the good situation of social and political stability, thanks to the efforts of party committees and governments at all levels. This year, while successfully conducting the two major construction and reform projects, namely the end-of-term elections at various levels and the merging of prefectures and cities, it has conscientiously implemented the series of important instructions of the central authorities on safeguarding social and political stability and completed a great amount of work in cracking down on criminal and economic offenses, smuggling, and abduction and trafficking of women and children, in eliminating pornography, in comprehensively improving public security, in rectifying the cultural market, in opposing corruption, in eliminating the collection of unwarranted fees, fines, and donations, and in resolving contradictions among the people. Although the province still has many factors affecting stability, it has, generally

speaking, always maintained political and social stability, thus providing a good environment for the smooth progress of reform, opening up, and economic construction.

While fully affirming achievements, we should remain clear-headed to see that many deep-seated contradictions and problems that affect our endeavor to seize the opportunity and accelerate development still exist in our economic and political activities, and we should pay great attention to them.

First, problems in agricultural production, rural economy, and peasants remain very conspicuous. Hebei's infrastructural facilities for agriculture are poor, comprehensive production capacity is low, and agricultural growth has been sluggish over the past few years due to serious natural disasters. The price difference between industrial and agricultural products continues to widen. In particular, the prices of the means of agricultural production have risen to such a large extent that the comparable interests of agriculture have declined by a large margin, peasants' income from farming has dropped, per capita income has grown slowly, rural purchasing power has declined, rural markets have become relatively sluggish, and peasants' investment in agriculture has been greatly reduced, making agricultural production still more difficult. If we do not pay great attention to and conscientiously change this situation in agriculture, rural economy, and peasants' income, we not only will fail to ensure rural stability and a fairly comfortable life for peasants, but also will seriously affect the province's economic development.

Second, aggravation of the structural contradiction in the industrial economy has increased daily. The irrational structure and low efficiency are major long-standing contradictions affecting Hebei's economic operation. Developing energy and raw material industries conform to our advantages and the state's industrial policy, but these industries are at a low level in terms of intensive processing, added value, and exports. The primary product mix is conspicuously reflected in the fact that a considerable number of our products enter domestic and world markets as raw materials or simply processed products. In the provincial market, products of high additional value, standing, and technological content produced by the province itself have achieved a small share, and most of such products are supplied by other provinces or foreign countries. Despite our efforts to conduct structural adjustment in the past few years, our progress in improving the industrial structure and product mix, generally speaking, is still slower than the progress in economic development and market competition. This widens, not narrows, the gap. An important reason for the primary and low-level product mix of the province is the low-level technological structure of enterprises. Enterprises always have failed in solving problems of technological renovation, technical skill transformation, scientific and technological development, and

new product development aimed at achieving technological advances. Per capita technological development funds of large and medium-sized enterprises in the province over the past three years have been consistently lower than the national average. This is a worrisome situation. If we fail to make efforts to adjust the structure, which is a key issue affecting Hebei's economic efficiency, not only will it become impossible to improve Hebei's economic efficiency, but our industry will then also have difficulty in holding its ground in the intense competition in domestic and world markets.

Third, the strength of reform is not enough and the practical effect of opening is not very obvious. Deepening reform and broadening opening represent an important breakthrough in dealing with contradictions and problems occurring in economic development. Recently, we paid more attention to striving for projects and investing in grasping the economy and we didn't pay sufficient attention or make sufficient efforts for existing enterprises to accelerate development through the deepening of reforms. Few large and medium-sized enterprises have enlivened themselves, and those that barely continued production account for quite a large proportion. Many enterprises still lack the funds to pay off their debts and are still suffering serious losses. Of 200 enterprises in the province where the shareholding system has been enforced, few can truly and successfully shift their operation mechanism through the system and establish a modern enterprise system. Some of them have enforced the shareholding system only for the purpose of raising funds. Of small enterprises throughout the province, only a number of state-owned cooperatives and collectively run commercial enterprises have transferred their business to individuals, and the proportion of industrial enterprises in this regard is very small. A few enterprises without hope of switching their losses to profits and are even close to bankruptcy have been truly closed, truly suspended their production, truly been merged with others, truly transferred their production to others, truly been rented and sold to others, and truly proclaimed their bankruptcy. The 14 rights of self determination bestowed by the "regulations" of enterprises have not been totally and realistically delegated to enterprises. In particular, the right of resisting the apportioning has not been delegated satisfactorily. The phenomenon of the "three arbitrarinesses" remains serious. Reform in shifting the governmental function and in enforcing the social security system has been backward, which has, in varying degrees, affected the deepening of enterprise reform.

Over the past few years, our province has indeed made great progress in opening. However, some problems and particularly those occurring in utilizing foreign capital merit our attention. Major indications in this regard include the fact that although many contracts have been signed, the rate of honoring the contracts has been low; although many "three types" of foreign-funded enterprises have been registered, the rate of putting them into production has been low; although many investments

have been registered, few have actually been brought in; although much general technology equipment has been introduced, few advanced pieces have been introduced; and while many products are sold at home, few products are sold to foreign countries. Although these problems are inevitable in the initial stages of opening up, they indicate that the practical effect of bringing in foreign capital remains to be upgraded.

Fourth, the "bottleneck" restriction and particularly the strained situation in funds are most serious. Since the beginning of this year, the order of financial affairs has achieved an obvious turn for the better after the implementation of measures to conduct macro readjustment and control. However, the strained situation in funds has not been eased. Funds needed by a large number of key projects of capital construction and technical renovations have not been appropriated. Circulating funds, needed by enterprises who have brisk production and sales and high economic results, have not been ensured. On the other hand, the "three funds" occupied by enterprises have continued to increase because enterprises are short of funds and the debt chain mutually caused by enterprises continues to increase. The large-scale decline of money deposited by enterprises has further intensified the fund supply contradiction.

Fifth, unstable factors in the society have somewhat increased. The greater scale of price hikes in the year has enabled a number of urban households across the province to decrease their practical incomes. A number of staff members and workers have not been ensured of their livelihood because some enterprises are on the verge of bankruptcy due to poor management and other reasons. Various economic disputes have continued to increase because some policies have not been implemented well in rural areas. Improper policy decisions made by some localities and the fault made in enforcing the policy decisions have resulted in the increase of petition letters and visits to or from the people. The people have also lodged complaints about the spreading of corrupt phenomena committed by the party and government organs, the organs in charge of enforcing the law, and the economic management organs, with regard to creating revenues by taking advantage of power, seeking personal gain by taking advantage of power and by violating the law, seeking and accepting bribes, and embezzling money.

Our analysis on the contradiction and problems occurring in current economic and political lives is aimed at enabling us not only to notice the good situation but also to keep sober-minded so as to define what work we should successfully attend and what problems we should handle in the future.

We currently face very heavy tasks. Generally speaking, we should follow the series of important instructions given recently by the party Central Committee, take economic construction as the central task, and conscientiously achieve success in the three major work tasks. First, we should continue to implement the various

important decisions of the party Central Committee and the State Council on strengthening macroeconomic regulation and control and rectifying the financial order; realistically focus the attention to accelerating development on deepening reform, transforming mechanisms, adjusting structure, and improving efficiency; ensure fulfillment of this year's various targets of economic and social development; make full preparations for next year's reform, opening up, and economic development; and facilitate a sustained, speedy, and healthy economic development. Second, we should conscientiously do a good job in safeguarding social stability; continue to improve comprehensively public security; deal strict blows to various criminal activities; earnestly handle the various contradictions among the people; pay attention to ideological and political work and the leading role of the media; eliminate the various factors leading to instability; and ensure the steady development of social and political stability. Third, in line with the guidelines of the second plenary session of the Central Discipline Inspection Commission, we should strengthen the anticorruption struggle; achieve success particularly in the major work to be accomplished in the near future as arranged by the provincial party committee; and strive for notable results for the present stage by the end of this year. By accomplishing these three major work tasks, we should further improve the ideological level and work styles of the leading bodies at and above the county level.

2. Achieve Unity in Thinking and Straighten Out the Guiding Thoughts for Leadership Work

The key to a success in the current economic and political work lies in achieving unity in thinking, especially the thinking of the party and government leaders at and above the county level. Based on the instructions of the central authorities and the specific conditions of Hebei, party committees and governments at all levels should further unify their thinking concerning the following six issues.

A. The basic purpose of strengthening macroeconomic regulation and control is to maintain a sustained, speedy, and healthy economic development. The package of measures put forward by the central authorities for strengthening and improving macroeconomic regulation and control are totally correct. Having been implemented, these measures have yielded notable results. Strengthening macroeconomic regulation and control is a need in our endeavors to solve the current conspicuous problems in the economic operation and to ensure a steady upturn in the economy, and its basic purpose is to promote a better and faster economic development. Either through the policies on extension or the policies on retrenchment, macroeconomic regulation and control will not be divorced from development, which is the mandatory principle, nor from the basic purpose of seizing the opportunity to accelerate development. We should seize the opportunity presented by the state's endeavors of strengthening macroeconomic regulation and control and rectifying the financial order to bring about more rational, healthier, and more coordinated

relations between various economic sectors and, based on this, continue to maintain a speedy development.

B. It is imperative to extend the degree of reform and have the ability to accelerate economic development by deepening reform. To truly liberate and develop productive forces, we should first invigorate the existing enterprises through reform. Only when we grasp the endeavor of deepening reform can we grasp the crux of economic development. We should focus attention on accelerating development on deepening reform, transforming mechanism, optimizing structure, and improving efficiency. In particular, we should concentrate efforts on invigorating large and medium-sized enterprises.

C. It is imperative to support the accelerated development with quality and efficiency. The key to improving input and output level, profit rate of funds, and economic efficiency lies in adjusting the product mix and upgrading product quality. In developing the market economy, the most fundamental thing is to rely on high quality and low cost and to achieve development amid competition. Otherwise, we will fail in the intense market competition. The enthusiasm and attention shown by cadres and the masses to accelerating development should be guided to adjusting the structure, upgrading quality, and improving efficiency.

D. We should combine the strengthening of the sense of organization and discipline with the endeavor of conducting the work creatively. At any time, particularly under the current situation of strengthening macroeconomic regulation and control, leading cadres at all levels should resolutely uphold the unity, authority, and effectiveness of the policies of the CPC Central Committee. Similarly, at any time, we should pay attention to integrating the guidelines of the central authorities with the reality of localities and should do our work creatively, rather than making no progress and attempting nothing. Many of the contradictions, problems, and difficulties we face now also require us to solve them by carrying forward the creative spirit and by deepening reform. We should continue to vigorously advocate and carry forward the fearless spirit and the creative spirit and should overcome difficulties and solve problems independently and creatively.

E. We should correctly handle relations between anticorruption struggle and economic construction. We should overcome and guard against the lopsided ideas of setting the anticorruption struggle against economic construction and thinking that the anticorruption struggle may adversely affect reform, opening up, and economic construction. At the same time, we also should guard against and overcome the phenomenon of refusing to subject ourselves to and facilitate economic construction in the course of opposing corruption. Many facts have made us clearly see the fact that the existence, growth, and spread of corrupt phenomena have already adversely affected our economic construction, reform, and opening up; have greatly dampened the initiative of laborers; and have constituted a threat on our party's position of ruling

the country and on the consolidation of the people's political power. If we refuse to strengthen the anticorruption struggle, our economic and social environment will certainly become worse, and then the entire economy will degenerate. Similarly, we should also clearly define that at the present stage, economic construction is the center of all our work, and helping to expand the productive forces should be the point of departure in our consideration of all problems and should be the basic criterion for judging all our work. Therefore, we must launch the anticorruption struggle closely around economic construction; gear the struggle to reform, opening up, and economic construction; create a good social environment; and be steadfast in both opposing corruption and developing the economy.

F. We should pay high attention to safeguarding political and social stability. United and stable political situation is the prerequisite of doing all the work well. Without political stability, and if the society is turbulent, people will have no sense of security, and then we will fail in all reform, opening up, and economic construction. Now, many factors affect political and social stability, and thus it is all the more important to safeguard stability and unity. Just as mentioned by Comrade Jiang Zemin, "if the basic line remains unchanged, and the society and politics are stable, we will be able to march triumphantly."

3. Comprehensively Develop Rural Economy for the Purpose of Doubling the 1980's Gross National Product [GNP] and Making the People Become Relatively Affluent

Making the people become relatively affluent is the general task and general objective of the rural work in the nineties and is a major move to make the province catch up with and surpass the advanced provinces and then become an economically strong province. If the income of peasants in the province's rural areas increases slowly, and it prevents the province from fulfilling the object of making the people become affluent on schedule, it will not only be a drag on the province but also be a drag on the whole country. This is a very serious problem. Party committees and governments at all levels must further attach high importance to agriculture and the rural work, should truly put the development of agriculture in the first place of all economic work, and should conscientiously study and solve the problems concerning agriculture and rural economy in order to constantly enhance the position of agriculture as the foundation of the economy, to fully develop the rural economy, and to rapidly increase peasants' income.

First, we should adopt effective measures to continuously expedite the "two transformations." 1) We should greatly facilitate the transformation of the traditional and low-efficient agriculture into high-yield, good-quality, and highly efficient agriculture and develop farming, forestry, animal husbandry, sideline production, and fisheries comprehensively that emphasize high yields, good quality, and high efficiency. 2) We should

facilitate the transformation of the rural economy consisting of agricultural production alone into one based on agriculture and led by the secondary and the tertiary industries, greatly develop township enterprises, and develop the primary, secondary, and tertiary industries comprehensively in rural areas. All localities, especially the cities that merge prefectures, should actively probe the new ideas and new measures for expediting the "two transformations" in line with their specific conditions and further make it clear when they can help local peasants achieve a fairly comfortable life.

Second, we should further adjust and optimize the agricultural structure with the guidance of the market. This is the key link to transform agriculture into one of high yields, good quality, and high efficiency. To succeed in adjusting the agricultural structure, we should actively guide peasants to greatly expand the development of cash crops and feed crops and to accelerate the development of forestry and fruit production, animal husbandry, and aquaculture according to market demand on the premise that grain and cotton production should be increased steadily and their quality improved. Through the methods we adopt to develop projects and fight a tough battle, we should define a few targets every year to adjust the agricultural structure well and promote the establishment of the various service systems. After conducting in-depth investigation and appraisal, the provincial government should formulate the plans for adjusting the agricultural structure, promoting the progress of agricultural science and technology, improving the level in comprehensive agricultural development and conscientiously organize forces to implement these plans to ensure an increase of both production and income in agriculture.

Third, we should adhere to the principle of placing equal emphasis on development and improvement and maintain the rapid growth of township enterprises. To realize the transformation of the rural economy consisting of agriculture alone into one where primary, secondary, and tertiary industries develop comprehensively, the key is to greatly develop township enterprises. To increase peasants' income to a fairly affluent level, we should mainly rely on the development of township enterprises. With deepened reform, transformed mechanism, optimized structure, and improved efficiency as the indicators, township enterprises should make efforts to improve their quality. The rural shareholding cooperation system is the direction of the reform and development of township enterprises. All localities should greatly promote this system through such measures as ideological guidance, policy guidance, demonstration of typical example, and consulting service.

Fourth, we should actively develop the economic entities that integrate trade, industry, and agriculture and that make production, processing, and marketing a coordinated process to promote the balanced development of all trades in rural areas. We should eliminate the barriers between different departments, different localities, and different ownerships and extensively organize various

forms of companies, associations, economic organizations, and enterprise conglomerates. This is the key measure to integrate peasants' "small-scale production," chiefly household-based operation, with the large-scale market, push farm and sideline products and their processed products to the market, and facilitate the development of high-yield, good-quality, and highly efficient agriculture. We should urge the government organizations engaged in the business of farm goods to become economic entities, organize institutions involved in agricultural affairs to change their systems, encourage office personnel to transfer to other lines of work or to develop economic entities, and greatly support capable peasants to take the lead in developing such entities.

Fifth, we should make unremitting efforts to reduce the burdens on peasants. While purchasing grain, cotton, and oil-bearing crops and conducting rural accumulation before the end of this year, we should continue to pay attention to implementation of the policies beneficial to peasants, achieve success in reducing peasants' burdens, and resolutely keep peasants' burdens within the legal rate and never surpass it. Meanwhile, we should conscientiously implement the policies beneficial to peasants, such as the minimum protection price of grain, the ceiling price of the means of agricultural production, and the policies in support of peanut production, to reduce peasants' production cost. The rectification of rural electricity charge should be regarded as the key work in opposing unhealthy trends and reducing peasants' burdens. When carrying out the anticorruption struggle, power departments in the province should particularly tackle abuse of power for selfish gains during power supply.

Sixth, we should unceasingly increase agricultural input and strengthen the building of agricultural infrastructure facilities. Because it is difficult to complete the project of diverting water in the south to the north within a short period of time, at present, we should all the more consider developing and saving water resources as an issue that helps stimulate the overall situation in the course of our province's economic construction. Governments at all levels and agricultural departments should do a good job in coordinating the planning and organizational work, raise funds through various channels, adopt the method of running by the local people and being subsidized by the state and supporting the major aspects, and pay further attention to building capital construction of farmland and water conservancy projects. We should be determined to carry out a number of "water-saving, well-digging and water-storing" projects. Meanwhile, we should adopt effective measures to vigorously develop water-saving farming and do a good job in saving water so as to guarantee water for the living of urban residents and for industrial use.

Seventh, we should do a better job in supporting the poor areas. Helping the poor areas eliminate poverty and become prosperous has still remained a major affair which the party committees and governments at all levels must care for and pay attention to. We should

continuously uphold the useful and good methods practiced by all localities in the past on urging departments to take care of villages (townships), on developing and supporting the poor areas and on sending cadres to work in selected units, cater to the new situation of developing the market economy, sum up and popularize the new experience of developing and supporting the poor areas, and helping them eliminate poverty. The civil administrative and grain departments should do a good job in conducting investigation and finding out the real situation of households which have great difficulties in living due to the various disasters of this year, promptly arrange relief and grain funds, and help them eliminate misgivings and difficulties.

Eighth, we should realistically strengthen the building of rural grass-roots organizations with party branches as the nucleus. In implementing the various policies, measures, and work plans of the party committee and government on strengthening agricultural and rural work, the crucial issue involved is to have a strong party branch and a batch of good leaders who can exert efforts to guide the masses to march towards the goal of becoming affluent. Party committees at all levels, particularly, the county party committees, should realistically grasp the work of building rural party branches and try by all possible means to install good and competent secretaries to grass-roots party branches. Meanwhile, continued efforts should be made to successfully build mass organizations, including village committees, Communist Youth League branches, women's congresses and militia as well as village collective economic organizations; further uphold and improve the system of holding villagers' meetings or representative meetings and the system of making public the work procedures and work results of government organs and placing them under mass supervision; and provide forceful organizational and political guarantees for promoting comprehensive rural economic invigoration.

Ninth, we should continue to grasp family planning work. Localities where the people have slackened their efforts or slowed down in family planning should adopt resolute measures and rapidly push this work forward. This year we should resolutely carry out the work of negating all the achievements of one if he fails to carry out family planning work.

4. We Should Give Priority to Deepening Reform, Readjusting Structure, and Guaranteeing a Sustained, Speedy and Sound Industrial Economy

We must enhance spirit, advance bravely, actively solve all contradictions and difficulties, carefully organize production during the fourth quarter of this year, strive to realize the objective and demand of increasing the industrial growth rate, profits and taxes and the value of fixed assets so as to make the comprehensive index of industrial economic efficiency move forward during this year's industrial production, and lay a solid foundation for continuously maintaining a rapid and good development trend in next year's industrial production.

First, we should try by all possible means to solve the acute contradictions between economic development and the shortage of funds. A serious shortage of funds has become the biggest obstacle preventing industry and the entire economy from continuously maintaining a steady increase. Governments at all levels and the people's banks and special banks at all levels, all economic functional departments, and all relevant enterprises, institutions and units should take action actively, combine internal and external efforts, maintain close cooperation, and concentrate efforts in fighting well the battle of alleviating the shortage of funds. We should continue to expand the degree of comprehensively opening the province domestically with an emphasis in Beijing and Tianjin, develop various forms of lateral economic cooperation and coordination, and broaden the channel of capital flow; and continue to accelerate the pace of opening to the outside world and introduce more foreign capital directly or indirectly. Now, there is more potential for capital. That is, the internal parts of enterprises and the enterprises themselves should enliven their existing capital. Therefore, all levels, all departments, and all enterprises should turn their eyes inward, enhance their internal strength, and exert efforts to tap their existing capital potential. We should be determined to reduce the amounts of enterprises' funds tied up by finished products, goods shipped in transit, and receivable and advance payment for goods; speed up the turnover of capital; and ensure the normal operation of production and management. Financial departments and enterprises should work in close cooperation with one another, make concerted efforts to tap capital potential, enliven the existing funds, and strive to bring the limited capital into full play.

Second, changing the managerial mechanisms of large and medium-sized enterprises should be regarded as a priority of enterprise reform. We should continue to exert great efforts to attend to the implementation of the "enterprise law" and the "regulations" and delegate the 14 decision-making powers to enterprises. We should regard the elimination of the practice of wantonly apportioning expenses, wantonly collecting funds, and imposing fines as a key link in the anticorruption struggle and realistically make real achievements in it just as we do to reduce the peasants' burdens. This year, the industrial and economic associations and the entrepreneur associations should organize 1,000 enterprises to assess the provincial-level government departments' performance in changing functions and delegating decision-making powers to enterprises. We should positively explore various ways for balancing the property rights relationship within enterprises and enlivening enterprises. Carrying out the shareholding system among state-owned large and medium-sized enterprises and setting up the modern enterprise system should be regarded as a focal point to promote the enterprise reform. By carrying out the shareholding system, we should balance and define the property rights relationship within enterprises; make enterprises actually become producers and operators of socialist commodity

production that are independent and responsible for their own profits and losses and capable of self-transportation and self-development; and set up powerful motivation mechanisms, mechanisms of assuming sole responsibility for profits or losses, supervisory and restriction mechanisms, new leadership systems, financial and accounting auditing systems, and labor personnel affairs systems. In the principle of emancipating the mind, speeding up the pace of development, adopting effective measures, making stable steps, and standardizing the work, we should expand the trial implementation of the shareholding system, strive to enliven increasingly more enterprises, and create a new situation in enterprise reform. The principal responsible persons of the party and government organizations at the provincial and city levels and the responsible persons of the government organs in charge of the industrial, financial and trade, and restructuring work should personally engage themselves in the work of the enterprises that carry out the shareholding system on a trial basis so as to directly gain experiences. The state-owned large and medium-sized enterprises should solve the problems of turning their eyes upward and outward, not blindly stress objective conditions and external environments, strive to become stronger and more independent, and pay attention to enhancing their internal strength. We should speed up the implementation of the managerial form of state ownership, civilian management, and decontrolled management among small and medium-sized enterprises. The enterprises that have no hope of halting deficits and that are on the verge of bankruptcy should be closed, suspend their production, merge with others, shift their lines of production, be leased, be marketed, or go bankrupt.

Third, we should further exert efforts to readjust and optimize the economic structure. The provincial government should firmly organize the provincial-level departments to especially and systematically study and emphatically analyze the major problems and symptoms existing in the province's industrial structure, product mix, enterprise structure, and ownership structure so as to make a readjustment and optimization proposal for readjusting structures and increasing economic results that are suitable to the state industrial policies and the provincial actual conditions and that are serviceable. At present, we should continue to attend to the implementation of the "dragon and tiger plan" and the plan for "six groups," conduct grafting transformation among large and medium-sized enterprises, particularly attend to the readjustment of the product mix, and strive to update the processed industrial products of Hebei in the next five or six years. We should conscientiously implement the "product quality law," strive to upgrade the broad masses of workers' awareness of rejuvenating the country through quality, bring into full play the mass media and supervisory roles of press units in line with the annual campaign of "marching 10,000 li to disseminate the importance of quality" and the annual campaign of "marching 1,000 li to propagate the importance

of quality," ceaselessly strengthen enterprise management, set up and perfect the quality guarantee system, bring enterprises' scientific and technological progress and product development into line with the path of the legal system, and positively participate in the sharp market competition at home and abroad. While invigorating the state-owned economy, we should adopt effective measures to accelerate the development of collective enterprises, joint ventures, and the three types of foreign-funded enterprises; actively support the individual and private economies; and fully develop the role of the nonstate sectors of the economy in enhancing Hebei's economic strength.

Fourth, we should ensure key projects and continue the good job in fixed asset investment. Party committees, governments, and pertinent departments at all levels must positively, correctly, and comprehensively understand the central policy decision on strengthening macroeconomic regulation and control and fully understand that reducing the scope of fixed asset investment does not mean indiscriminate reduction in all areas. Investment in the fixed assets that conforms to the state's industrial policy and can create better economic and social benefits should be resolutely guaranteed, and investment in the projects that are incompatible with the state's industrial policy, have an uncertain future, and are not provided with necessary construction conditions and the low-level duplicate construction of small iron-smelting, small steel rolling, small cement, and small chemical fertilizer plants should be resolutely reduced and even suspended if deemed necessary. Regarding the projects that have been planned, we should step up early preparations for them and strive to win approval to start construction at an early date. Regarding those that have been started, we should raise funds from various fields so as to put them into operation and make them meet the designed capacity at an early date. Based on the trends in the domestic and world market demand, we should continue to actively list a number of new reserve projects, carry out the various preparations, and strive to include them in state plans so that when a group of projects are under construction, other groups are being screened for approval, stored, and developed. In this way, investment and construction will not stop, and simultaneous increase of growth rate, efficiency, and capacity for sustained development will be ensured.

5. Persistently Attend to Development and Stability Simultaneously To Consolidate the Stable and United Political Situation

Party committees and governments at all levels should attend to economic development on the one hand and social stability on the other. In view of the recent grim situation in public security and the increase in destabilizing factors, the provincial party committee and government have made special arrangements, based on the guidelines of the instructions of the central authorities, for the comprehensive improvement of public security, the crackdown on criminal and economic offenses and smuggling activities, the anticorruption struggle, and the

handling of the masses' petitions in order to safeguard the social and political stability throughout the province. Party committees and governments at all levels must include it high on their agenda to defend social stability and conscientiously carry out all relevant work.

We should conscientiously correct the ineffective crackdown on various crimes and make the crackdown more forceful. Public security, procuratorial, and judicial departments of the province as well as various localities should fully understand the serious danger created by ineffective crackdown on crimes and firmly take the stance of the party and the masses to wage resolute struggles against criminal elements. They should analyze the situation in public security continuously; carry out special struggles in a planned manner to address the conspicuous public security problems in different periods; devote time and efforts to actively hit the targets; deal strict, prompt, and effective blows to criminal elements; resolutely arrest and mete out stern punishments to those who deserve such; and resolutely kill those who have committed the most heinous crimes. Meanwhile, we should carry out regular and basic work for comprehensive improvement of public security, intensify and improve the security responsibility system, and make sure that all comprehensive improvement measures are implemented at every link. In comprehensively improving public security, we should both make overall arrangements and achieve improvement in key areas and concentrate efforts to tackle the problems of key areas and key units so that realistic results can be won. Public security, procuratorial, and judicial departments at all levels should resolutely make revenue and expenditure accounts separately, and finance departments at all levels should ensure their funds for handling cases.

To improve social order, the key lies in the ranks of political and legal workers that have strong political awareness and that are combat-worthy. Generally speaking, the province's ranks of political and legal workers are good in political and professional quality, are competent in work, and have made contributions to the province's social stability. However, the influence from money worshipping, hedonism, and ultra-individualism should not be underestimated, and some problems are very serious. We should regard the process of strengthening the dynamics of "blows" and strengthening the comprehensive management of social order as the process of educating, consolidating, and improving the ranks of political and legal workers. Within this year, political and legal departments in all localities should arrange a certain period of time to concentratively educate and consolidate the ranks of political and legal workers under the leadership of local party committees. Those leading bodies that are listless and weak and are low in combat effectiveness should be readjusted resolutely. The corrupt elements in the ranks should be expelled resolutely.

We should pay high attention to and appropriately handle the contradictions among the people under the

new situation. Under the new situation of accelerating reform, opening up, and economic construction, the contradictions among the people come to the fore in various forms. There are complicated objective factors for these contradictions, but many of the contradictions result from the weak viewpoint and poor work of our cadres, in particular the small number of grass-roots cadres who have failed to solve contradictions in a timely and appropriate manner. Therefore, we should continue to enhance the understanding of policies of the vast numbers of cadres, grass-roots cadres in particular, and make them more capable of handling the contradictions among the people. In light of the different reasons for the contradictions among the people, we should suit the remedy to the case and should adopt diverse methods, including conducting ideological education, exercising legal means and administrative means, readjusting material benefits, and deepening reform, to solve problems in the bud and at the grass-roots level. All the reasonable demands made by the masses should be listened earnestly and solved actually. For the demands that are reasonable but are unable to be solved at present, we should make explanations patiently and positively create conditions to solve problems. Those who set forth unreasonable demands should be criticized and educated. Those who intentionally make trouble and organize the masses to create disturbances by seizing the opportunity of making petitions should be severely dealt with according to the law.

We should actually grasp the anticorruption struggle. Severely punishing corrupt elements and eliminating corrupt phenomena is the important aspect of promoting social stability. While arranging for the anticorruption struggle, all localities must give prominence to three points: First, party and government leading cadres at all levels should set an example and take the lead in maintaining administrative honesty and self-discipline, should earnestly conduct self-examination and self-correction in line with the pertinent regulations of the central authorities and with the "10 forbiddens" set forth by the provincial party committee, and be brave in solving their own problems. Second, we should pay attention to investigating and handling a number of major and appalling cases and choose some criminals who have caused great influence to be tried openly to promote the trend of frightening corrupt elements. Third, we should concentrate our energy on checking three unhealthy trends, namely, the trend of collecting unjustified service charges, fines, and financial levies, the trend government organs using their powers to do business and make money, and the trend of going abroad for tourism at public expense, and strive to achieve results within this year. Party committees and governments at all levels must list the anticorruption struggle as an important item on their daily agenda, and principal party and government responsible comrades should firmly grasp this work. We should establish the responsibility system in line with the tasks we face and let each level assume responsibility for the work of the next lower level. Where the work is done poorly and perfunctorily,

the principal party and responsible government persons should be held to account. For the localities and departments where problems are serious, someone should be sent there to help them in the work. Through realistic work, we should actually solve some problems and achieve obvious results in some aspects.

We should actively strengthen the party's ideological and propaganda work. The party's ideological and propaganda work is a strong spiritual impetus for accelerating reform, opening, and economic development and an ideological guarantee for improving the feelings of the masses, creating a good media environment, and safeguarding social stability. Particularly, under the new situation of developing the socialist market economy, ideological and propaganda work have become particularly important. Party committees and governments at all levels should pay great attention to ideological and propaganda work. It is necessary to advocate the socialist, collectivist, and patriotic outlook on life and the law of value among the broad masses of people and oppose out-and-out egoism and departmental egoism; advocate the spirit of building the country and pioneering undertakings through thrift and hard work and oppose money worshipping and pleasure seeking; advocate lofty professional ethics, social morality, and the practice of observing discipline and law and oppose the acts of abusing one's powers to seek personal gain, harming someone's interests to benefit oneself, and paying no attention to organization and discipline; and advocate a sound, civilized, and progressive way of living and oppose the passive and decadent way of living. We should pay attention to deeply carrying out ideological and political work, implement the party's policies among the masses, mobilize the enthusiasm of the masses, and guarantee the fulfillment of all tasks. In media and propaganda work, the press, periodicals, and the radio and television stations must expose the work contradictions and problems in a fact-seeking manner and effectively publicize the situation and achievements in reform, opening, and economic construction; publicize and commend advanced personages in all trades and professions; and encourage them to make greater contributions in the course of building an economically strong province.

6. We Should Strengthen the Building of Ideology and Work Style of Leading Bodies and Strive To Raise Their Leadership Level

To fulfill the current various work tasks facing us, we need the efforts of all sectors. However, the fundamental work we should do is to pay attention to the party's self-development, and, in particular, we should do a good job in building the ideology and work style of leading bodies at all levels. As long as our party organizations at all levels maintain a high degree of unity in terms of their ideology, politics, organizations, and action and always maintain close relations with the masses of people, we can overcome all difficulties, and nothing can prevent us from upholding reform, opening, and obstruct our pace in building a economically strong

province. Our province's end-of-term elections and the work of merging prefecture and cities have basically completed. At present, we should concentrate energy on building ideology and work style. In this aspect, the provincial party committee hopes that leading bodies at all levels, leading bodies at and above the county level, in particular, should pay attention to the following few points:

First, we should exert efforts to study and grasp well Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. In maintaining a high degree of ideological and political unity in the party, the most fundamental things we should do is to unswervingly arm the whole party, particularly, the leading bodies at and above the county level, with the theory of building socialism with Chinese characteristics. This is an issue of prime importance which Comrade Jiang Zemin has repeatedly stressed that we must resolve in the course of strengthening the building of ideology and work style. After the 14th party congress formally and clearly proposed the establishment of the new system of the socialist market economy, as far as many of our comrades are concerned, the theories, knowledge, and work experiences that they practiced in the past have become outdated and many of them are no longer practical. The comrades must study again and renew them. In addition to deeply studying the theory of building socialism with Chinese characteristics, we should also conscientiously study the market economy, modernized scientific management, and scientific and technological knowledge. The provincial party committee has called on the people to enhance their consciousness in study, study conscientiously, and continue their efforts in this aspect. Even when we are busy, we must set aside a certain period of time to study, to discuss principles or ideological guidelines, and to ponder problems. The theory of socialism with Chinese characteristics is a comprehensive and profound theory as well as a big system. In line with the principle of intensive and profound study and study for the purpose of application and through practice, we should study the theory in the order of priority and with purposes. Through study, we should actually ensure that we analyze and solve problems with the Marxist stance, viewpoint, and method; correct our subjective, lopsided, and outward ideas that often appear; coordinate the emancipation of the mind with the principle of seeking truth from facts, combine the subjective point of view with the objective point of view, link the revolutionary enthusiasm with the scientific attitude, and creatively achieve the work in various spheres.

Second, the party committees should strive to upgrade their ability in commanding the overall economic work situation. Now, the party committees at or above the county level in the province have generally fostered the guiding ideology of taking the economic construction as a key link, and also put it on the main work agenda. The major problems are that they fail to deeply study the economic work or to command the overall economic

work situation. To change this situation, each and every member of the party committees should study on their own initiative, be concerned with, understand, and be familiar with the economy; pool the wisdom of the masses; participate in the major policy decisions on the economic construction; make his divided work subordinate to and serve the economic construction; and form the cohesive power to grasp the economic work. The party committees at various levels should be good at considering and studying the strategic problems in the economic work and turn their attention on the matters of the most important and decisive significance to the local economic construction. The party committees should firmly attend to the strategic problems relating to the overall situation and will not stop until reaching the goal.

Third, we should handle affairs strictly according to the principle of democratic centralism. At present, we should emphatically solve three problems to strengthen the democratic centralism. First, we should persist in the principle of the lower levels being subordinate to the higher levels and the whole party being subordinate to the party Central Committee to ensure the implementation of various instructions made by the party Central Committee. We are not allowed to implement the instructions of the central authorities and the higher levels that are suitable to our taste and to refuse to implement those that are not suitable to our taste. Second, we should persist in the principle of the minority being subordinate to the majority and the individuals being subordinate to the organizations so as to safeguard the authority of collective leadership. Policy decisions on major problems must be made persistently through collective discussions. On the basis of bringing democracy into full play, we should carry out accurate centralism. Decisions cannot be made by any individual. Standing committee and committee meetings cannot be replaced by brief meetings. Third, the leading body members' behavior should be standardized according to systems. The leading bodies of the party committees at or above the county level should set up and perfect various systems of democratic centralism and the rules for discussion of affairs, overcome wanton activities, and strictly use systems to standardize their members' behavior. All leading body members should have the spirit of assuming high responsibility for the cause of the party, positively engage in collective leadership, stress party spirit, take the overall situation into consideration, stress style, and cooperate on their own initiative.

Fourth, we should carefully safeguard the unity of the leading bodies. To do undertakings, the leading bodies must be united. Fragmented leading bodies will accomplish nothing. Many facts show that the disunity within leading bodies is principally demonstrated in the relationship between the party and the government, the cadres' problems, and the division of duty between the leading body members. By investigating the ideological sources, we know that the problems are principally caused by some comrades' individualism. The key to solving and avoiding the problems of disunity is that we

should build a party serving the people and grasp power through party spirit. We must not proceed from personal interests or the interests of small groups to discuss and study problems. On the contrary, we should focus on the work and the undertakings. With this kind of starting and ending point, we will be able to be reasonable and just, open and aboveboard, support and understand one another, work with one heart and soul, and work together with one heart. The party and government top leaders should be the first in safeguarding the unity of the leading bodies; resolutely be sure not to say what is not conducive to unity or not to do what is not conducive to unity; be brave enough and good at eliminating various contradictions that affect the unity of the leading bodies; and make the "leading bodies" really become united and combat-worthy leading collectives.

Fifth, we should establish close contacts with the masses. This is an important problem relating to the improvement of the ideology and work style of the leading bodies. Now, the leading cadres of some localities and units are involved in the phenomena of being divorced from the masses. Some leading cadres are detested by the people for abusing power for selfish gains and indulging themselves in corruption. Sometimes, they are not welcomed by the masses because the tasks and policies are divorced from the masses. Some of the contradictions have become sharper because new changes have taken place in some objective conditions and some tasks and policies have not been readjusted in a timely fashion. The masses are not satisfied with some leading cadres for their wrong work style, their wrong work methods applied to implement tasks and policies, and their coercion and ordering the people. The masses have complaints about them because they fail to promptly help the masses solve their real difficulties and attain their reasonable demands. To solve these problems, the party committees at various levels should use the Marxist mass viewpoint and the Marxist mass line to reeducate the leading cadres at various levels; pay full attention to persisting in the mass line of "from the masses, to the masses;" and coordinate the assuming of responsibility to the higher levels with that of responsibility to the people. We should unswervingly believe and rely on the masses to do everything and wholeheartedly have the masses at heart. We must not ignore their expectations, opinions, requirements, and interests; pretend that the higher levels assume responsibility at the expense of the interests of the masses; still less abuse power for private gains at the expense of the interest of the masses. By so doing will we seriously be divorced from the masses. The things that are related to the personal interests of the masses should be regarded as great matters and be attended to. The tasks and policies should conform to the aspirations of the masses. We should rely on the masses to accomplish tasks. Various contradictions should be handled promptly and accurately. The masses' accurate opinions and reasonable requirements should be solved promptly.

Sixth, we should exert great efforts to conduct investigations and studies and realistically be sure to do solid

work. Now, we are confronted with many contradictions and difficulties in reform and construction. The methods for solving these problems are only from practice, the masses, and the investigations and studies of the actual conditions. Under the circumstances where many problems and bigger difficulties exist and some problems have no clear prospects of solution, the leading organs and cadres at various levels should pay more attention to changing the work style and exert greater efforts to conduct investigations and studies. The leaders at various levels should be the first to organize and send office cadres to plants, rural areas, and the backward localities and units with many problems and poor performances to study new situations, sum up new experiences, seek new methods, and solve new problems. The leading comrades should be the first to comprehensively, systematically, and deeply investigate and study several major problems affecting the progress of reform and economic development and to work out methods for solving problems. In the grass roots, the leading comrades should reduce ordinary visits and conduct more investigations and studies to truly solve problems. The leaders at various levels should vigorously advocate an arduous way of thinking, arduous work, and arduous style; and do solid work. The party committees and governments at various levels and the leading body members should define their work priorities according to their actual conditions, accomplish several great and real deeds, and actually achieve real work results.

Hebei Holds Power Development Forum in Beijing

SK3010073293 Shijiazhuang Hebei People's Radio Network in Mandarin 2300 GMT 28 Oct 93

[Text] According to the 28 October dispatch of our station reporter, (Wang Zhiguo), from Beijing, the Ministry of Power Industry sponsored a power development seminar in Beijing for Hebei Province in the Hebei Hotel on 27 October in line with the decision mutually made by the provincial people's government and the ministry. Participating comrades at the seminar mutually discussed Hebei Province's grand plans to develop the power industry.

Attending the seminar were Ye Qing, vice minister of planning; Shi Dazhen, minister of power industry; (Jia Fulin), vice minister of power industry; (Wang Wende), president of State Energy Investment Corporation; leading personnel and specialists from the State Planning Commission, the State Economic and Trade Commission, the ministries of railway and coal industry, China International Engineering Consulting Corporation, and the State Energy Investment Corporation; as well as responsible persons from the provincial level organs concerned, almost 100 persons in total.

During the seminar, Governor Ye Liansong and Executive Vice Governor Chen Liyong briefed participating leading personnel and specialists on the province's current situation in power industry, on its eight-year plan

for further development, and on its major problems at present. They emphatically pointed out: The current development in the province's power industry obviously lags behind its economic development. The strained power situation has become the bottleneck restricting economic development. The power shortage across the province is extremely serious, and the work of building power transmission lines has yet to reach the average level. Quite a large number of enterprises cannot bring their productive capabilities into full play. Some projects of construction cannot be ensured with a reliable power supply. Therefore, the provincial party committee and the provincial people's government have been determined to deal with these prominent contradictions in the coming seven or eight years under the vigorous assistance given by the relevant departments and units under the State Council. They will adopt every possible way and means to accelerate the pace of building power production facilities.

During the seminar, Ye Liansong and Chen Liyou also briefed the participating comrades on the province's strong points and fine conditions for power development. Through full and extensive discussions, participating leading personnel and specialists have acquired common understanding in many issues. They unanimously agreed that Hebei is incurring a serious power shortage. Accelerating power industrial development while readjusting economic structure represents an important task facing Hebei Province. In the coming eight years, Hebei will accelerate the pace of building power industrial facilities by following the principle of integrating the task of increasing the scope of generators which has been set with that of readjusting the industrial structure and saving energy or lowering consumption, the task of accelerating the pace of building specific power plants and stations in the province with that of accepting power assistance given by fraternal provinces or autonomous regions, the task of raising domestic funds with that of utilizing foreign capital, and the task of building power plants and stations with that of establishing a power grid.

During the seminar, the participating comrades agreed that the construction conditions put in the power development plan of Hebei Province are superior. Some piece-rate projects reveal that their environmental backings are good, the start of their construction is easy, and the volume of investments made in them is little. These projects have been formulated with many natural conveniences, such as coal and water supplies and road-side locations. The work in the early state of these projects has been designed in depth. According to the province's existing foundation, managerial level, and natural conditions, it is very easy for Hebei to increase the installed capacity by 5 million kw and to strive to show a 12 million kw increase in this regard in the coming eight years. Participating comrades also stressed that efforts should be made to enhance the preparatory work for early construction of these projects and to vigorously overcome various difficulties in construction.

Foreign-Funded Firms 'Profitable' in Hebei City

OW0311122493 Beijing XINHUA in English 1050
GMT 3 Nov 93

[Text] Shijiazhuang, November 3 (XINHUA)—Foreign-funded enterprises are profitable in Qinhuangdao, Hebei Province, one of China's 14 open coastal cities, thanks to the city's improved investment conditions.

According to statistics, the 102 foreign-funded enterprises generated an industrial output value totalling 1.204 billion yuan in the first nine months of this year, an increase of 150 percent over the same period of last year.

Their after-tax profits amounted to 160 million yuan during this period, up 370 percent; exports climbed to more than 40 million U.S. dollars-worth, also a big increase.

A city official in charge of foreign investment attributed the good result to improved investment conditions with the focus on transportation, telecommunications and power supply.

A survey report shows that the city has approved the establishment of 334 foreign-funded projects involving a combined investment of 1.7 billion U.S. dollars.

To attract more foreign investment and better service it, the municipal government has guaranteed capital for constructing foreign-funded projects and designated specialists to take charge of the projects.

According to the official, 50 foreign-funded enterprises have gone into production smoothly this year.

Northeast Region

Heilongjiang Disciplines Cadres for Corruption

SK05110 4993 Harbin Heilongjiang People's Radio
Network in Mandarin 1000 GMT 2 Nov 93

[Text] On 2 November, the provincial discipline inspection commission and the provincial supervisory department publicly dealt with (Zhang Zhenying), (Li Fushan), (Li Shuwu), and some other party member leading cadres for violating discipline.

In March 1992, (Zhang Zhenying), member of the Qiqihar city party committee and vice mayor of the city, took advantage of his concurrent post as director of the city construction projects coordination group to [words indistinct] from the Bank of China. Then, his daughter-in-law accepted 20,000 yuan from the bank as a cash gift. The standing committee of the provincial party committee decided upon discussion to dismiss him from all his posts within the party, including his post as vice mayor, and hand his illegally obtained 20,000 yuan of money over to state finances.

(Li Fushan), member of the leading party group of the Shuangyashan city government and vice mayor of the city, took advantage of his post to illegally sell public houses in violation of state regulations while assuming the post as secretary of the Baoqing County party committee, and thus gained 20,000 yuan in illegal profits. The standing committee of the provincial party committee decided to dismiss him from all his posts, including vice mayor of the city, and hand all his illegally gained profits over to state finances.

In August 1993, while holding the post of secretary of the party committee of the Mudanjiang Teachers' Training College, (Li Shuwu), instructor at the department level of the Mudanjiang city party committee, took advantage of his position and power to personally convene pertinent personnel to run an extravagant wedding for his son, using many public cars, giving extravagant banquets, and receiving 20,000 yuan in cash gifts, thus presenting a very bad influence among the masses. The standing committee of the provincial party committee decided to give (Li Shuwu) a serious disciplinary warning within the party.

(Wang Zhanguo), deputy secretary of the Huma County party committee and head of the county, held an extravagant wedding for his daughter by using many public cars to escort his daughter to the groom's home in (Xinmin), 300 km away. He also held several banquets in (Xinmin) and Huma Counties, and accepted 10,000 yuan in cash gifts and some presents. The standing committee of the provincial party committee decided to give (Wang Zhanguo) a serious disciplinary warning within the party.

(Yang Changpan), former director of the plastics plant under the Daqing Petrochemical General Factory, took advantage of favorable conditions provided by his position, while serving as the plant director, to illegally seek 299,000 yuan. The party committee of the Daqing Petrochemical General Factory decided to expel (Yang Changpan) from the party, and the judicial organ is pursuing criminal liabilities against him.

Zhang Yi, deputy secretary of the provincial discipline inspection commission, said in a press release: Dealing with and seriously investigating cases of violations of law and discipline is an important measure to strictly administer the party and is at a point where a breakthrough can be achieved in opposing corruption. All localities must further strengthen the work to truly and thoroughly investigate and deal with discipline violation cases. It is learned that from January to September of this year, discipline inspection and supervisory organs throughout the province put 3,700 discipline violation cases on file for investigation and handling. 2,700 of them are already under investigation, and investigation on another 42 percent has already been completed. Some 4,000 party members at various levels have been involved in these cases, and of these, 13 are cadres at the prefectural and department levels, and 206 are cadres at the county and section levels.

Former Liaoning CPPCC Member Dies of Illness

SK0311040193 Shenyang LIAONING RIBAO in
Chinese 24 Oct 93 p 1

[Excerpt] After failing to respond to any medical treatment, Comrade Wang Kuncheng, a faithful communist fighter, an outstanding Communist Party member, a famous calligrapher, a poet, and former vice chairman of the Liaoning Provincial Committee of the Chinese People's Political Consultative Conference [CPPCC], died of illness in Shenyang on 12 October 1993 at the age of 81 years.

On the morning of 20 October, leaders of the provincial party committee, the provincial discipline inspection commission, the provincial people's congress, the provincial government, the provincial CPPCC committee, the provincial military district, friends of Comrade Wang Kuncheng, and representatives of the staff and workers of the provincial-level departments concerned went to the provincial people's hospital to pay last respects to Comrade Wang Kuncheng.

ARATS, SEF Begin Talks on Repatriation

OW0311034493 Beijing XINHUA Domestic Service in Chinese 1316 GMT 2 Nov 93

[By reporters Huang Xiaoxiong (7806 1420 7160) and Sun Chengbin (1327 2110 2430)]

[Text] Xiamen, 2 Nov (XINHUA)—Sun Yafu, deputy secretary general of the Association for Relations Across the Taiwan Strait [ARATS], said here on 2 November that in recent years we have been hoping problems derived from mainland residents crossing the Strait and entering Taiwan in violation of regulations can be properly settled; thus, relevant authorities have adopted several measures. He added: We also hope relevant authorities in Taiwan will provide assistance essential for resolving the problem of returning Taiwan compatriots staying on the mainland in violation of regulations. ARATS is ready to work hard with the Taiwan Strait Exchange Foundation [SEF] so that the talks for settling relevant issues can yield positive results.

This morning Sun Yafu and other ARATS personnel as well as SEF Deputy Secretary General Xu Huiyou [Hsu Hui-you] and other SEF personnel held consultations at Xiamen's Yue Hua Hotel on comprehensive implementation of relevant accords reached during the talks between Wang Daohan and Taiwan's Gu Zhenfu [Ku Chen-fu]. This was the second working consultation between ARATS and SEF following the "Wang-Gu" talks.

Prior to the talks, Sun Yafu expressed hope that the talks would be held in the spirit of "respecting each other, consulting on an equal footing, seeking truth from facts, and seeking common ground while reserving differences" as well as in the spirit that both sides will work hard so that the talks will yield positive results. Xu Huiyou stated: "There should be positive results as long as the two sides sincerely deal with the problems."

The two sides have fully exchanged views and made headway on the "repatriation of personnel having entered each other's areas in violation of regulations, as well as other relevant issues." The two sides exchanged draft accords and had in-depth discussions on a dozen or so issues which have to be further discussed—issues such as liaison, repatriation principles, people subject to repatriation, ways of repatriation, and locations for the exchange of repatriates. The discussion has facilitated further consultations.

Answering reporters' questions, Sun Yafu said: ARATS and SEF have reached preliminary agreements on repatriation passageways, agreeing that in addition to water routes there can also be air routes for repatriation. With regard to people subject to repatriation, it will primarily be mainland residents who have gone to Taiwan and Taiwan compatriots who are staying on the mainland in violation of regulations. ARATS and SEF personnel also discussed issues of cooperation in cracking down on lawless elements who, for profit-making motives, have

instigated and organized others to enter the each side's areas in violation of regulations. We think that the discussion has played a positive role in resolving illegal Strait crossings. The two organs have also decided that this issue will be further discussed on 4 November.

It has been learned ARATS and SEF have agreed that, during the six-day consultations, they will also discuss other issues of common concern, such as the "handling of cross-Strait fisheries disputes," the "repatriation of aircraft hijackers," "specific measures for facilitating contacts between personnel of the two organs," as well as issues about the "rights and interests of Taiwan investors on the mainland" and "businessmen's cross-Strait visits."

Sides To Establish Panels

OW0211153993 Beijing XINHUA in English 1511 GMT 2 Nov 93

[Text] Xiamen, November 2 (XINHUA)—A consensus was reached here today by both sides of Taiwan Straits on mutual repatriation of criminals and other illicit arrivals.

At the talks between two non-governmental organizations from both sides of the straits which opened here today, draft agreements on the issue were exchanged.

The Association for Relations Across the Taiwan Strait (ARATS) from the mainland and the Straits Exchange Foundation (SEF) from Taiwan agreed today that the two organizations would take over the repatriation issue, which was formerly handled by the Red Cross Societies from both sides of the straits.

An ARATS official from the mainland told the press after the discussion that SEF had no objection to ARATS' proposal that the two organizations should each set up a repatriation panel.

A SEF official said that SEF was prepared to set up a repatriation panel to cooperate with its counterpart on the mainland.

The two sides also specified ten subjects for further discussion in the coming days. The subjects to be discussed include detailed means and procedures for personnel repatriation and joint efforts to punish "snake-heads"—organizers of illegal emigration.

The two sides will meet again for a half-day discussion on the issue of repatriating people who infringe on the jurisdictions of either side in violation of relevant regulations.

SEF, ARATS Discuss Fishing Issues*OW0311142893 Taipei CNA in English 1410 GMT
3 Nov 93*

[By Huang Hui-min and Sofia Wu]

[Text] Xiamen, Nov. 3 (CNA)—Taiwan and Mainland China have tentatively agreed to separately set up special agencies to handle cross-strait fishing disputes.

The agreement was reached Wednesday [3 November] in a meeting in this booming southeastern mainland city between officials from Taipei's Straits Exchange Foundation (SEF) and Beijing's Association for Relations Across the Taiwan Strait (ARATS).

After hours of talks, SEF and [words indistinct] delegates agreed that cross-strait fishing disputes should be resolved by peaceful means based on fair and just principles instead of by violence and coercion. They also agreed that the agencies to be established on both sides will work together to settle cross-strait fishing disputes.

The two sides will exchange information and offer counselling services for fishermen in order to prevent such disputes.

The meeting, which opened Tuesday, is a follow-up to April's "Ku- Wang talks" held in Singapore, the first high-level contact between the two sides in more than 40 years.

The current round of talks will continue for the next few days. Major topics to be discussed include repatriation of mainland stowaways, cross-strait fishing disputes, [word indistinct] application of procedures for SEF and ARATS personnel to exchange visits, and other issues of mutual concern.

SEF Deputy Secretary-General Hsu Hui-you heads the Taiwan delegation while Sun Yafu, ARATS deputy-secretary, is the chief mainland negotiator.

Lien Chan Defends Government 'Three No's' Policy*OW0311055193 Taipei China Broadcasting
Corporation News Network in Mandarin 2300 GMT
2 Nov 93*

[From the "Hookup" program]

[Text] While answering questions at the Legislative Yuan, Premier Lien Chan pointed out yesterday: If it were not for the difficulties created by the Chinese communists, the Asia-Pacific Economic Cooperation forum would be a very good opportunity for contact between the two sides of the Taiwan Strait. He also pointed out, When conditions are ripe for us to join the United Nations, it should be all right for both sides of the Strait to discuss the reunification of the country in the United Nations.

However, when Legislator Cheng Chien-jen asked the government to explicitly declare the three no's policy out of date, Premier Lien Chan stated: The government of the Republic of China must be responsible to history and reality. Before the Chinese communists abandon what they call the one country, two systems and four upholdings [uphold socialism, the people's democratic dictatorship, the leadership of the Communist Party, and Marxism-Leninism-Mao Zedong Thought], we should not jump to the second stage of the program for national reunification, should not hold talks with the Chinese communists, and should not compromise with them at any costs.

Legislator Cheng Chien-jen then pointed out: The three no's policy has long been impractical among nongovernmental organizations; it is no longer news that government officials have been in contact with Chinese communists. Therefore, this policy declared by President Chiang Ching-kuo in 1979 has long been out of step with the times.

Legislator Cheng Chien-jen suggested that the three no's policy be replaced by a three yes' policy provided it is in the interest of the people and provided dialogue be held with the Chinese communists through a third party.

Minister Announces Plan To Reduce Armed Forces*OW0311140293 Taipei CNA in English 1344 GMT
3 Nov 93*

[By Bear Li]

[Text] Taipei, Nov. 3 (CNA)—The Defense Ministry has prepared a 10-year plan to streamline the armed forces. Defense Minister Sun Chen said Wednesday [3 November].

The plan calls for a cut in armed forces personnel from 600,000 to 400,000 in three stages over the next 10 years. Sun said at a session of the Legislative Yuan.

In addition, the headquarters of the Army, Navy and Air Force will be simplified and overlapping units abolished.

After 10 years, the number of men and women in uniform will account for 1.7 percent of Taiwan's total population, matching the less-than-two-percent standard of democratic nations, Sun said.

Sun cited the deployment of a Sky Bow ground-to-air missile unit October 10, mass production of the Hsiung Feng ship-to-ship missile, and the scheduled deployment of a squadron of locally-developed indigenous defense fighters at the end of next year as examples of successful government efforts to upgrade the nation's defense capability.

Sun said efforts to boost domestic weapons production will continue despite Taiwan's continued purchasing of foreign-made arms.

KMT Expels Members for Running in Elections

*OW0311141693 Taipei CNA in English 1354 GMT
3 Nov 93*

[Text] Taipei, Nov. 3 (CNA)—The ruling Kuomintang [KMT] Wednesday [3 November] officially expelled 19 party members for involving themselves, against the party's wishes, in the upcoming county magistrate and city mayor elections.

Of the 19, 14 are defying party orders by running as candidates in the elections, and another five, who had already announced their withdrawal from the party, are running as opposition party candidates or are helping to campaign for opposition party candidates.

The KMT, after its Central Standing Committee made the decision, issued a statement reiterating its determination to maintain party discipline.

Hong Kong

PRC Reports Predict UK 'To Oppose' Basic Law

HK0211140193 Hong Kong CHENG MING in Chinese
No 193, 1 Nov 93 pp 21, 22

[Article by Chuan Hsun-che (0278 6061 5074): "Most Confidential Document Predicts British 'Plot To Create Disorder in Hong Kong'"]

[Text] Documents Concerning the Hong Kong Issue Are Issued One After Another

On 20 September, the General Office of the State Council transferred two reports submitted to it by the Office of the Hong Kong and Macao Policy Research—"Events the United Kingdom Will Create and Developments That May Occur in Hong Kong in the Coming Four Years" and "Under What Circumstances Hong Kong Should Be Taken Back Ahead of Schedule"—in the form of "most confidential" documents. On 22 September, the General Office also transferred two reports submitted to it by the Hong Kong and Macao Affairs Office and the Hong Kong branch of the XINHUA NEWS AGENCY—"Specific Cases of the United Kingdom Deliberately Violating the Sino-British Joint Declaration and Tearing Up the Agreements of the Two Governments" and "British Intention To Oppose the Basic Law"—to various ministries and commissions; the party committees of military regions and of various provinces, municipalities, and autonomous regions; and relevant departments in the form of "most confidential" documents.

The UK Is Accused of Rallying With Canada, Australia, and West European Countries in Meddling in Hong Kong Affairs

The report by the Office of the Hong Kong and Macao Policy Research entitled "Events the United Kingdom Will Create and Developments That May Occur in Hong Kong in the Coming Four Years" maintains:

1. With the economic relations between the Chinese mainland and Hong Kong as an excuse, the UK continues to violate, distort, or tear up the Sino-British Joint Declaration and to challenge China's sovereignty.
2. The UK continues to play the international card and ally itself with Canada, Australia, and West European countries, and particularly with the United States, to meddle and intervene in Hong Kong affairs.
3. The British Hong Kong authorities want to thoroughly change the present situation, make the executive-led structure a mere skeleton, and form a legislative-led structure by fostering pro-U.S. and pro-British people so as to maintain its colonial interests, particularly, its administration after 1997.

4. The UK invites Taiwan to meddle in Hong Kong affairs and instigates anti-Chinese, pro-British politicians in the Legislative Council and high-ranking members of the British Hong Kong Government to develop political relations with the Taiwan authorities so as to confront the implementation of the Basic Law and the normal work of the government of the special administrative region [SAR].

5. The UK appoints anti-Chinese, pro-British personnel to leading posts at the secretary level and puts various government departments under control in an attempt to confront the future SAR government and manipulate the region's work.

6. The UK fosters various forces in Hong Kong society which oppose China, the Basic Law, and a smooth transition, and organizes groups of all types to expand its influence.

7. In the name of caring about people's livelihood, social welfare, and urban construction, the UK uses the Hong Kong Government's funds, including reserve funds, to form a welfare society that is divorced from Hong Kong's society and economy, thus creating financial difficulties for the SAR.

8. The UK plots to withdraw its capital from Hong Kong beginning in 1996, including instigating British, U.S., and European capitals to pull out from Hong Kong or move their domiciles, and even interferes with exchange rates so as to imperil Chinese administration and influence Hong Kong's financial and economic lifelines.

Several Circumstances Under Which Hong Kong Should Be Taken Back Ahead of Schedule

The report entitled "Under What Circumstances Hong Kong Should Be Taken Back Ahead of Schedule" assumes that when the following circumstances emerge, China should take Hong Kong back ahead of schedule.

1. The Sino-British Joint Declaration has been basically violated, the agreements of the two countries have been totally negated by the UK, and there has been no foundation for Sino-British cooperation and negotiations.
2. Foreign countries, particularly the United States, involve themselves in the British Hong Kong affairs in Hong Kong and meddle in the transitional work of Hong Kong during the transition period, and fostered and supported by the British Hong Kong authorities, pro-U.S. and pro-British, anti-Chinese forces carry out their activities openly and cause serious consequences.
3. Pro-British, anti-Chinese forces, which are openly supported and manipulated by the UK, set off serious political events to oppose China and create disorder in China and Hong Kong, which cause strong protests among the people on the mainland and unease among Hong Kong residents.

4. Pro-U.S. and pro-British anti-Chinese forces storm Chinese institutions in Hong Kong so that they are unable to work normally, with their personnel's security in peril.

5. Great politically motivated disturbances occur, including continuous and repeated smashing, grabbing, and looting of China-funded banks and Chinese institutions.

6. The British authorities instigate pro-British, anti-Chinese forces to use Hong Kong as a base for opposing China and creating disorder in the country by colluding with overseas hostile elements, with the United States having a hand in the endeavor, thus seriously hampering Hong Kong's position as an international financial, economic, industrial and commercial, and communications center.

7. The UK plots and pursues "independence" in disguised form, and instigates and supports foreign forces to make Hong Kong independent or semi-independent in disguised form, thus seriously hindering the transitional work between China and the UK.

8. Political disturbances and economic panic occur continuously in Hong Kong, the situation is out of control, or the British authorities lose their capability to govern.

The Hong Kong and Macao Affairs Office Issues a Series of Alarmist Articles

In June 1993, the Hong Kong and Macao Affairs Office and the Policy Research Office under the State Council made separate reports—such as "The United Kingdom's Political Objectives in Hong Kong," "Be Fully Prepared To Handle and Solve Drastic Changes in Hong Kong," "The British Side Lacks Sincerity in Sino-British Talks," and "The Objectives of Hong Kong's Pro-British Anti-Chinese Forces Intention To Create Disorder in Hong Kong"—and distributed them among relevant departments for perusal and reference.

Daily Carries Past Deng Xiaoping Comments

On Basic Law's 'Significance'

HK0311084993 Hong Kong TA KUNG PAO in Chinese 3 Nov 93 p 3

["Impromptu remarks" made by Deng Xiaoping to members of the Basic Law Drafting Committee in Beijing on 17 February 1990: "Hong Kong's Basic Law is of Historical and International Significance (17 February 1990)"]

[Text] After nearly five years of hard work, you have produced a law which is of historical and international significance. It is of historical significance not only to the past and to the present, but also to the future. In addition to its international significance to the Third World, it is of long-term significance to the whole of humanity. It is

a creative masterpiece. I thank all of you for your labor! Congratulations on the completion of the document!

1984 Remarks to Margaret Thatcher

HK0311090293 Hong Kong TA KUNG PAO in Chinese 3 Nov 93 p 3

["Remarks" made by Deng Xiaoping to former UK Prime Minister Lady Thatcher in Beijing on 19 December 1984: "China Keeps Its Promises (19 December 1984)"]

[Text] Having reached agreement on the question of Hong Kong, the leaders of our two countries have done a very meaningful thing for our own countries and people. The question of Hong Kong has lasted for one and a half centuries. If unsettled, there would always have been a shadow between our two countries and peoples. Now that the shadow has disappeared, there is now a bright future for cooperation between our two countries and for friendship between our people.

If the "one country, two systems" proposition is an idea with international significance, we should give the credit to Marxist dialectical materialism and historical materialism. In Chairman Mao Zedong's words, it is seeking truth from facts. The proposition has been made under China's actual situation. The practical questions China faces are what means should be used to settle the question of Hong Kong and what means should be used to settle the question of Taiwan. There are only two means, namely peaceful means and nonpeaceful means. If we use peaceful means to settle the question of Hong Kong, we must consider Hong Kong's actual situation and the actual situations of China and the United Kingdom, that is to say, the way of settling the question should be acceptable to the three sides. If we achieve reunification with socialism, it would be out of the question for the three sides to accept it. If it is accepted grudgingly, it would cause a chaotic situation and Hong Kong will experience a slump even if armed disputes do not occur. A Hong Kong with a host of complications left over is not one we hope for. Therefore, as far as the question of Hong Kong is concerned, only the "one country, two systems" idea is acceptable to the three sides and allows Hong Kong to continue to pursue capitalism and to retain its status as a free port and a financial center. There is no way other than that. The "one country, two systems" proposition was not initially made for the question of Hong Kong, but for the question of Taiwan. On the eve of National Day in 1981, National People's Congress Chairman Ye Jianying made a nine-point declaration on the question of Taiwan. Although it was not summed up as "one country, two systems," in fact, it means this. The question of Hong Kong was raised two years ago, and then we proposed "one country, two systems."

When we made the proposal, people thought it was a new term that had never been talked about before. Some doubted whether the new idea would work. To answer

this, we should use the facts. It now seems workable, or at least the Chinese are convinced it is, because the talks over the past two years have proved this. The proposition has played a most important part, if not the decisive part, in settling the question of Hong Kong. It is a proposition acceptable to the three sides. Over the next 13 years or over the next 50 years, there will be more proof of the workability of "one country, two systems." People are worried whether China can implement the agreement consistently after it is signed. We must not only tell Your Excellency and our British friends seated here, but also the whole world that China keeps its promises.

A Japanese friend asked me: Why do you set aside "50 years," that is, why maintain Hong Kong's existing capitalist system unchanged for 50 years after 1997? What do you base this on and is there any idea? I told him: Yes, it also proceeds from China's reality. China has set the grand goal of quadrupling its gross national product in two decades, that is, by the end of this century, to attain a relatively comfortable level. Even having achieved this goal, China will still not be wealthy and will not be a developed country. Therefore, this is only the first of our high aims and lofty aspirations. For China to really become developed and to draw near to, but not surpass, the developed countries, will take another 30-50 years. If we say that we need to implement the policy of opening up this century, then it must not be dispensed with either if we are to draw near to the developed countries in the first 50 years of the next century. We cannot succeed if we dispense with this. Maintaining Hong Kong's prosperity and stability is in the immediate interests of China. We say "50 years" not because we say it carelessly or on impulse. Rather, we have considered the needs of China's reality and development. Similarly, we also need a stable Taiwan at the end of this century and in the first 50 years of the next. Taiwan is part of China. China can practice two systems under the precondition of one country. This is the idea for formulating our country's policies. If one understands this, knows our basic viewpoint, and knows from what we proceed to put forward the slogan and to formulate the policy, one will believe that we will remain unchanged. I also told our Japanese friend that if the policy of opening remains unchanged in the first 50 years of the next century, then in the next 50 years, our policy of opening will be less subject to change as our economic exchanges with the world will become more frequent, more interdependent, and more inseparable.

I would also like to ask the Prime Minister to tell the world and Hong Kong people that "one country, two systems" contains capitalism as well as socialism; that is to say, the main body of China or the region inhabited by the 1 billion people practices socialism unswervingly. The mainland has 1 billion people. Taiwan has nearly 20 million, and Hong Kong has 5.5 million. Then the relationship arises between the 1 billion, the 20 million, and the 5.5 million. The main body is a very large main body, and socialism is pursued in the region inhabited by

the 1 billion people. This is the precondition, and it is not acceptable without the precondition. Under this precondition, we can allow capitalism by our side in small areas and in small scope. We believe that allowing the existence of capitalism within a small scope is much more conducive to developing socialism. It is also the precondition of taking the socialist economy as the mainstay that we have opened 20 or so cities to the outside world and we will not change their socialist nature. Conversely, opening to the outside world is conducive to strengthening and developing the socialist economy.

On 'One Country, Two Systems'

HK0311102793 Hong Kong TA KUNG PAO in Chinese
3 Nov 93 p 3

["Main points" of remarks by Deng Xiaoping to a Hong Kong industrial and commercial delegation in Beijing and to Hong Kong "famous personalities," including Shi-yuen Chung, on separate occasions: "One Country, Two Systems (22 and 23 June 1984)"]

[Text] The Chinese Government's stance, principles, and policies for resolving the Hong Kong issue are firm and unshakable. We have said many times that after the Chinese Government resumes exercising sovereignty over Hong Kong in 1997, Hong Kong's current social and economic systems will not change, its law basically will not change, its lifestyle will not change, its position as a free port will not change, and its position as an international trade and financial center will not change; Hong Kong may continue to maintain and develop economic relations with other countries and regions. We have also said many times that apart from sending troops to Hong Kong, Beijing will not send cadres to the Hong Kong Special Administrative Region [SAR] Government, and this will not change, either. Our purpose in sending troops is to protect the country's security rather than to meddle in Hong Kong's internal affairs. Our policy on Hong Kong will remain unchanged for 50 years, and this remark will count.

Our policy is to practice "one country, two systems." To be more specific, in the PRC, the mainland, with a population of 1 billion people, practices the socialist system, whereas Hong Kong and Taiwan practice the capitalist system. In recent years China has kept overcoming "leftist" mistakes and proceeded from actual conditions in formulating policies for various aspects of work in a down-to-earth manner. After five and a half years, our efforts have produced results. It is precisely under these circumstances that we proposed the method of "one country, two systems" to resolve the Hong Kong and Taiwan questions.

We have talked about "one country, two systems" many times, and the National People's Congress has also ratified this policy. Some people are worried that this policy will change; I say it will not change. The key issue and the decisive factor are whether or not this policy is

correct. If it is not correct, it will change; if it is correct, it will not change. For example, who can change China's current policy of opening to the world and invigorating the domestic economy? If this policy is changed, the standard of living of 80 percent of the Chinese people will decline and we will lose popular confidence. As we have taken a correct track, the people agree, and it will not change.

Our policy on Hong Kong will remain unchanged for a long period and this will not affect the mainland socialist system. China's main system must be socialist, but it allows the implementation of the capitalist system in some regions, such as Hong Kong and Taiwan. Opening some cities and allowing some foreign capital to enter China are for the purpose of supplementing the socialist economy. This is beneficial to the development of the socialist productive forces. For example, foreign capital entering Shanghai does not mean that the whole of Shanghai is practicing the capitalist system. Neither is Shenzhen; it is still practicing the socialist system. China's main system is socialist.

The idea of "one country, two systems" was proposed in light of China's specific conditions. Now it has become an issue attracting international attention. China has the Hong Kong and Taiwan questions. What is the way to resolve these questions? Is it for socialism to be used to gobble up Taiwan or for the "three people's principles" advocated by Taiwan to be used to gobble up the mainland? Neither side will gobble up the other. If a peaceful solution does not work, force will be used, but this will be detrimental to both sides. The country's reunification is the wish of the people. If it cannot be reunified in 100 years, it will be reunified in 1,000 years. How should we resolve this problem? As I see it, the only way is to practice "one country, two systems." A series of disputes in the world are facing either a peaceful or a nonpeaceful resolution. A method must be worked out somehow or other. New problems must be resolved by new methods. The successful settlement of the Hong Kong issue may provide some useful clues to resolving many international issues. Viewed from world history, which government has ever formulated such an enlightened policy as ours? Viewed from the history of capitalism and Western countries, which of them has ever done so? In adopting the method of "one country, two systems" in resolving the Hong Kong issue, we did not act out of emotion, nor did we play tricks, but we proceeded totally from actual conditions and fully considered Hong Kong's history and present situation.

We must believe that the Chinese can exercise good administration over Hong Kong. Not believing that the Chinese can exercise good administration over Hong Kong is an idea remaining from old colonialism. For more than a century after the Opium War, foreigners looked down upon the Chinese and bullied the Chinese. The founding of the PRC changed China's image. China's current image was not created by the former Qing Government, or by the northern warlords, or by Chiang Kai-shek and his son. It is the PRC

which has changed China's image. All China's sons and daughters, no matter what kind of fashion style they wear or what stance they adopt, at least have a sense of national pride. The Hong Kong people also have a sense of national pride. The Hong Kong people can administer Hong Kong and they must have this confidence. Hong Kong's previous prosperity was created mainly by the Hong Kong people with Chinese as the main component. The intelligence of the Chinese is not inferior to that of foreigners. The Chinese are not feeble-minded [di neng 0144 5174]; do not think that only foreigners can do well. We must believe that the Chinese can do well. Some people say that the Hong Kong people have no confidence; this is not a true opinion of the Hong Kong people. So far the details of the Sino-British talks have not been announced, and many Hong Kong people do not understand the central government policy. As soon as they understand, they will have absolute confidence. Our policy on Hong Kong was announced in the Government Work Report of the premier of the State Council at the Second Session of the Sixth National People's Congress, it was ratified by the congress, and it is a solemn matter. If some people still talk about confidence and do not have confidence in the PRC or the Chinese Government, all other problems cannot be discussed. We believe that the Hong Kong people can exercise good administration over Hong Kong. Foreigners must not be allowed to continue to rule Hong Kong; otherwise, the Hong Kong people absolutely will not agree.

There is a demarcation line and criterion for the Hong Kong people to administer Hong Kong. Namely, Hong Kong must be administered by Hong Kong people who are mainly patriots. The main composition of the future Hong Kong SAR Government must be patriots, accepting other people, of course. Foreigners can also be employed as advisers. What are patriots? The criteria are: Respecting the Chinese nation, earnestly and sincerely supporting the motherland in resuming the exercising of sovereignty over Hong Kong, and not damaging Hong Kong's prosperity and stability. Those who meet these criteria are patriots whether they believe in capitalism, in feudalism, or even in slavery. We cannot request all of them to agree with China's socialist system; we only request them to love the motherland and Hong Kong.

There are 13 years to go to 1997. From now on we must gradually resolve the problems during the transitional period. In the transitional period, first, there must not be big fluctuations [bo dong 3134 0520] or big complications [qu zhe 2575 2124], and Hong Kong's prosperity and stability must be maintained; second, conditions must be created for the Hong Kong people to smoothly take over the government. People in various circles in Hong Kong should make efforts toward this end.

PRC Official Discusses Preparatory Committee*HK0311082093 Hong Kong WEN WEI PO in Chinese
3 Nov 93 p 15*

[Report: "Zhang Junsheng Stresses That the Preparatory Work for the Establishment of the SAR Preparatory Committee Should Be Carried Out Ahead of Time To Ensure a Smooth Transition"]

[Text] Zhang Junsheng, deputy director of the XINHUA NEWS AGENCY's Hong Kong Branch, said yesterday that only three years and eight months are left before Hong Kong returns to the motherland and the Chinese Government resumes the exercise of sovereignty over the territory. Time is short. It seems that a great deal of advance preparation must be made for the Preparatory Committee of the Hong Kong Special Administrative Region [SAR], which is scheduled to be established in 1996. Therefore, it is necessary to set up a Preparatory Working Group, the purpose of which is to ensure a smooth transition in the future. There is a great deal of work which must be stepped up.

When a reporter asked whether such a move was intended to pressure the British side, Zhang Junsheng replied: "We have never exerted any pressure. You are quite aware which side is always trying to exert pressure on us."

Zhang made these remarks in response to a reporter's question while attending the "Dream of the Red Chamber Culture and Art Exhibition."

We have always adopted the same attitude toward the talks, Zhang Junsheng reiterated; we want to reach an agreement as early as possible. The Chinese side is not to blame for the talks, which have dragged on to the present. You all know that there are many things that cannot be determined by the Chinese side alone. We did not even expect to see such a controversy, to say nothing of dragging out the talks to the present. If the British side could have accepted our proposals and consulted us about the arrangements for the 1994/95 elections last year and then put forward a proposal or plan, there simply would have been no controversy at all. Director Lu Ping made it very clear in the letter he sent Chris Patten on 3 October last year: "I hope you will not unilaterally present this plan, which contravenes the Sino-British Joint Declaration, the principle of convergence with the Basic Law, and the agreements and understandings reached between the two countries. If you do that unilaterally, it will inevitably lead to an open polemic between the two sides on the question of Hong Kong."

Zhang Junsheng pointed out that we had a saying in the past: not to grasp firmly is not to grasp at all. Whatever way you look at it, the work of the Preparatory Working Group must be stepped up, because we only have a limited amount of time.

A reporter asked: "Deng Xiaoping said that the purpose of stationing troops in Hong Kong is to prevent some individuals from making trouble. Why did he say that at that time?"

Zhang Junsheng replied: "The solution for the question of Hong Kong has been worked out entirely under Deng Xiaoping's guidance."

Beijing To 'Modify' Bill of Rights After 1997*HK0311065293 Hong Kong SOUTH CHINA
MORNING POST in English 3 Nov 93 p 2*

[By Daniel Kwan]

[Text] China will not repeal the Bill of Rights after 1997 but will seek to modify its legal status to keep it in line with the Basic Law, according to senior Chinese official Lu Ping.

The Hong Kong and Macau Affairs Office Director was quoted by human rights lobbyist John Kamm as saying that Beijing was looking into ways to modify the preemptive status of the Bill of Rights.

Mr Lu, who met Mr Kamm in Beijing last Thursday [28 October], said China had no major objection to the contents of the bill, and in fact described it as "well-written".

The bill, passed two years ago with the power to override all other legislation, has been the subject of dispute between China and Britain. Beijing had hinted that it might have to be revoked if it was found to be in violation of the post-1997 constitution.

According to Mr Kamm, whose meeting with Mr Lu was conducted in English the director said Beijing would like to see some modifications so the bill would not supercede the Basic Law.

"As an American, I think this is a contradiction in terms, and honestly I don't know how they are going to do it," Mr Kamm said, referring to the differences between the Basic Law and the Bill of Rights.

"Mr Lu has reiterated (to me) China's commitment to the Joint Declaration," said Mr Kamm.

China will try to figure out how to abide by the clauses in the Joint Declaration, which say two international covenants on human rights will continue to apply to Hong Kong after 1997, he said.

China has not signed the covenants.

Even if China was not a signatory to the international covenants by then, Mr Lu said the mainland might seek to introduce legislation in Hong Kong after 1997 to protect existing rights in ways similar to those covered by the International Covenant on Civil and Political Rights.

"He told me that China basically has no objection to the content of the Bill of Rights, what they object to is its status," he said.

However, Mr Kamm said Mr Lu understood there were problems to be solved, such as the issue of the reporting of the territory's human rights situation—stipulated in the covenants—and said Beijing was working to resolve those problems.

Mr Lu also reminded Mr Kamm there was a possibility China might join the convention by 1997 and therefore Hong Kong would automatically be covered.

Mr Lu also expressed concern about Hong Kong citizens who were in China under long-term detention without trial.

"I received a strong impression from the Hong Kong Affairs Office that they will intercede on behalf of Hong Kong people who have been detained in China without trial," Mr Kamm said.

Although the meeting with Mr Lu centred on human rights issues, Mr Kamm said the director expressed optimism about the discussions between Beijing and London over Hong Kong's political future.

Editorial Views Patten Comments on Corruption

*HK2810070293 Hong Kong TA KUNG PAO in Chinese
27 Oct 93 p 2*

[Editorial: "Comment on Chris Patten's 'Theory of Infiltration of Corruption'"]

[Text] After issuing their decision on grasping three tasks in the anticorruption drive in the near future, the CPC Central Committee and State Council announced the idea of implementing the five regulations on honest work style and self-discipline among cadres, as well as the regulations on severing ties within a time frame between party and government departments on the one hand and the economic entities they have established on the other hand, on combating the random collection of fees, and on resolutely banning the undue practices of using public funds in a hidden way to leave the country (or borders) on tours.

The in-depth development of the anticorruption drive will boost the building of a socialist market economy system in China, sustained national economic development, and the construction of spiritual civilization. This is undoubtedly good for Hong Kong, as it will enhance the Hong Kong people's confidence in China and will also play a role in promoting the anticorruption drive in Hong Kong and strengthening the rule of law; the benefits will be lasting.

However, Chris Patten, who has recently talked frequently on maintaining good relations with China, has looked at the mainland's anticorruption drive from another viewpoint and with another attitude; he has

hinted obliquely at China and upheld his "three violations" package, using the excuse of preventing corruption. He said: "I hope the people will stick to one point; that is, in order to maintain the rule of law and prevent the infiltration of corruption into Hong Kong society, Hong Kong needs fair elections," and "if Hong Kong fails to have elections which are credible, then it will be a challenge to Hong Kong's law, and at the same time it will be difficult to fight corruption and maintain the Hong Kong people's lifestyle."

These remarks by Patten are ambiguous and yet explicit. What he implied was that if people do not uphold his political reform package then Hong Kong will not have fair and clean elections, corruption on the mainland will infiltrate Hong Kong society, and Hong Kong people will not be able to maintain their lifestyle. This really is an exaggeration to scare the people.

China has never denied the existence of decadent phenomena such as corruption and bribery in party and government departments, but this is not the mainstream and is not intrinsic to the CPC and the socialist system; it is caused by erosion and the lure of decadent thoughts and forces within and outside the country. The CPC has consistently fought against such decadent phenomena. Today, the CPC can mobilize a great number of people to launch the struggle against corruption, and, in particular, to eradicate evil phenomena within the party and government departments, and this shows the strength and the open and upright nature of the CPC.

As for elections in China, as far as we know, no matter whether it is an election for party organizations at various levels or elections to people's congresses of various levels, there has been almost no behavior which can be called giving and taking bribes, and we have not heard of any deputy or government official who has used money to buy votes, and this is many times cleaner than those elections known by Patten! Have we not seen the frequent phenomena of bribery in elections in those societies which call themselves democratic countries in the world? Is it not true that bribery scandals have often erupted among so-called democratically elected ranking officials?

Today, Patten preaches the "theory of corruption coming from outside" and tries to show that he is working hard to prevent corruption. This can only provide people and history with another laughingstock.

Two pieces of information are cited here for people to ponder:

Recently, a Hong Kong newspaper carried a report which said that a secret document prepared by British special agents revealed that, after Japan lost the war in the Pacific, the British Government could only resort to bribery to keep Hong Kong. The document said: Without these despicable methods, Hong Kong would eventually have been annexed by the Kuomintang or the CPC.

Also recently, a legislator in Hong Kong proposed a motion in the Legislative Council to debate Patten's policy address, and she said that 40 years ago she had fought for a mechanism of the rule of law and fair competition to eliminate corruption. At that time, corruption was rampant in Hong Kong, and she thought that democracy would eradicate fraudulent practice. Therefore, she tried to lobby the British Government, the Labor Party, and Patten's Conservative Party, hoping that they would give Hong Kong some gradually progressive democracy. However, the British political parties at that time all thought that Hong Kong did not need democracy. Now, Patten's political party has made a great discovery, which is that Hong Kong needs democracy, and democracy can resist corruption in mainland China—not the Godber-style [a senior officer in the Royal Hong Kong Police] corruption or any other corruption committed by the British ruffians.

It is really fascinating! In the 1940's, the British Government had to rely on bribery to keep Hong Kong; in the 1950's, after Hong Kong was "kept," the British Government refused to use democracy to eradicate Hong Kong's corruption; and, in the 1990's, when Hong Kong will soon return to the motherland, Patten has gone so far as to say that "fair elections" are for preventing "corruption from infiltrating Hong Kong."

When Patten says he wants to prevent corruption, he is resorting to pretense, and his real intention is to protect British interests. At present, the mainland is uncovering and cracking down on decadent phenomena such as corruption and bribery, and Patten thinks this is an opportunity he can use, so he makes use of the matter to

propose his own ideas, hints at China, and cheats and scares Hong Kong people in an attempt to achieve the goal of implementing the "three violations" package, which is aimed at extending British colonial interests. But this attempt is doomed to failure.

XINHUA Establishes Hong Kong-Based Company

HK0311064293 Beijing ZHONGGUO XINWEN SHE in Chinese 1030 GMT 28 Oct 93

[By reporter Duo Duo (1122 1122)]

[Text] Hong Kong, 28 Oct (ZHONGGUO XINWEN SHE)—The Yunzhong Development Company Limited, a company wholly owned by XINHUA NEWS AGENCY, was established in Hong Kong today.

The Yunzhong Development Company Limited will be under the jurisdiction of the head office of the XINHUA NEWS AGENCY in Beijing. It has fraternal relations with the Hong Kong-registered New China Information Company Limited, which is affiliated with the XINHUA NEWS AGENCY, and the Xinjiali Hong Kong Company Limited.

Backed by XINHUA NEWS AGENCY and taking Hong Kong as its development base, Yunzhong Development Company Limited will cater to the broad international market and will deal mainly in the import and export trade, consultancy, advertising, investment advice, commodity marketing, and information services, said Ma Yunsheng, managing director of the Yunzhong Company.

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